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Iran Rearms in Bid For Power in Gulf U.S. Says Bill for Weaponry Drains Economy in Tehran

By R. Jeffrey Smith Washington Post Service WASHINGTON — The Iranian government is buying \$2 billion worth of weapons from foreign suppliers each year in a drive to become the preeminent power in the Gulf once again, the director of central intelligence, Robert M. Gates, said Friday.



Women rummaging through discarded cartons Friday at a Moscow street stand. They were hunting eggs that might have been overlooked.

Moscow's Vendors Find an Ex-Crime Does Pay

By Michael Dobbs Washington Post Service MOSCOW — Vladimir Kovalenko, an airline steward, stood in the shadow of the once dreaded Lubyanka prison, hawking a fresh 15-pound pineapple he had brought back from a trip to Africa.

From Russia With Muscle: Helicopters Fill a Niche

By Michael Richardson International Herald Tribune SINGAPORE — The massive heavy-lift helicopters of the Russian Republic, once unused and untested outside the former Soviet bloc, are becoming a fixture in Asia at the remote exploration camps operated by Western oil companies in Burma and Papua New Guinea.

U.S. Will Buy An Advanced Space Reactor From Russia

\$14.3 Million Package Called 'First Piece' in Long-Term Aid Accord By Thomas W. Lippman Washington Post Service WASHINGTON — The White House announced Friday the first U.S. purchase of space technology and nuclear material from Russia, a \$14.3 million package billed as the "first piece" of a long-term plan for aid to the former Soviet Union.

Ankara's Quest: To Handle Kurds and Still Be Embraced by West

By Alan Cowell New York Times Service DIYARBAKIR, Turkey — Halit Gungen had written the kind of scoop that plays well in this southeastern city, which regards itself as the capital of Turkey's large and restive Kurdish minority.

Kiosk France Slumps In Davis Cup

France's hold on the Davis Cup was put in serious jeopardy on Friday as the French team lost its first two matches to Switzerland on the opening day of the tennis quarterfinal in Nimes, France. (Page 15)

General News Jerry Brown got a scolding for attacks on Bill Clinton. Page 3.

Business/Finance U.S. personal income rose 1.1 percent in February. Page 7.

Table with financial data: Dow Close 3,281.44, The Dollar in New York DM 1.8405, Down 36.23, Pound 1.7432, Yen 133.036, FF 5.567.

Crossword Page 5.

In Europe, the Switch Is On to Summer Time

Europe will make the annual switch to summer time at 2 A.M. on Sunday, when clocks should be set ahead one hour, to 3 A.M. Eastern Europe also makes the change Sunday.



President Kurt Waldheim of Austria, left, and Chancellor Helmut Kohl of Germany after their lunch in Munich on Friday. Mr. Kohl was later angry at critics of the meeting. Page 2.

Tyson Settles Into New Lodging as No. 922335

Compiled by Our Staff From Dispatches INDIANAPOLIS — Mike Tyson began a new life on Friday, as convict number 922335 in the Indiana prison system, while his lawyers tried to get him out of prison for the year or more it may take the courts to rule on the appeal of his rape conviction.

Warren Buffett's Bad Week at Salomon

By Lawrence Malkin International Herald Tribune NEW YORK — This was supposed to be the week Warren E. Buffett was waiting for. The aw-shucks billionaire from Omaha told the stockholders of Salomon Inc. that his cleanup task was almost finished and that he was ready to give up his 51-a-year chairmanship and go home.

Irritated, Kohl Blasts Critics of Waldheim Lunch

By Marc Fisher
Washington Post Service

BERLIN — Chancellor Helmut Kohl on Friday angrily blasted American Jewish critics of his decision to invite the shunned Austrian president, Kurt Waldheim, to lunch.

Emerging from the lunch — the first time in five years that a Western leader had met with Mr. Waldheim outside Austria — Mr. Kohl told reporters: "Whom I meet here in Munich, I as chancellor will decide. I do not need any advice on that."

Mr. Kohl greeted Mr. Waldheim at a red-carpet ceremony at Munich's airport and later defended his invitation, saying that the Austrian leader was freely elected by citizens of his country and that Austria was a close friend and neighbor of Germany.

The Bavarian premier, Max Streibl, co-host of the Kohl-Waldheim lunch, told reporters after the meal that he could not understand "this whole hrouhaha."

"What is all this nonsense about?" he asked, adding that Mr. Waldheim had been a successful United Nations secretary-general

for 10 years and won more than 55 percent of the vote when he was elected president in 1986.

Mr. Waldheim won office despite revelations that while a lieutenant serving with German forces in 1942, he was involved in deporting 488 Yugoslav citizens to labor camps.

Mr. Waldheim, who is to leave office when his six-year term expires in June, has denied committing war crimes, saying that he can "no longer recall details" of wartime service. The United States has banned him from the country since 1987.

Although Jewish leaders in both Germany and the United States sharply criticized Mr. Kohl for breaking Mr. Waldheim's isolation by Western nations, the chancellor's decision to receive him caused few ripples in Germany.

No major German newspaper mentioned the visit. The subject did not come up at the regular Bonn government news conference Thursday afternoon. The Waldheim visit was noted on one major German television newscast as the 14th and last news story,

with no description of criticism of the meeting.

The opposition Social Democratic Party criticized Mr. Kohl's invitation only after two days of requests for comment, saying that Kohl "once again is putting up with foreign political damage."

Simon Snopkowski, chairman of Munich's Jewish community, called the meeting with Mr. Waldheim "outrageous and disappointing." And the Bavarian chairman of the Free Democrats, the junior partner in Mr. Kohl's coalition, said the invitation "betrays a marked deficiency of foreign policy intuition" on Mr. Kohl's part.

The party chairman, Jürgen Döblin said Mr. Kohl helped Mr. Waldheim achieve a breakthrough in the isolation imposed on him by "civilized states."

"The international damage of the Waldheim visit is considerable," he said.

Mr. Kohl accused the World Jewish Congress, which Thursday called the chancellor's decision to see Mr. Waldheim an example of "shocking moral insensitivity," of opposing German reunification at the end of 1989. The

chancellor said the New York-based Jewish organization failed to respond to his request for an explanation of remarks criticizing unification "in an unbecoming manner."

But the Congress's executive director, Elan Steinberg, said that "Chancellor Kohl should read his mail." He said a response from the Congress president, Edgar Bronfman, was sent more than three months ago.

In early 1990, Mr. Bronfman delivered a speech in Berlin, with Mr. Kohl in attendance, at which the Jewish leader reminded Germany of its responsibilities toward Jews but said that the Jewish people did not oppose German unity.

"Chancellor Kohl has brought shame to Germany," Mr. Steinberg said.

He said that President Richard von Weizsäcker, by refusing to meet Mr. Waldheim, had defended Germany's honor.

"I hope Germany will choose the path of honor rather than the path of shame."

Aside from meeting Mr. Kohl, Mr. Waldheim received an award for his contribution to freedom from the conservative Peutingger Collegium foundation, a private group.

Iranians Call for Vengeance

The Associated Press

NICOSIA — Tens of thousands of Iranian protesters urged Muslims worldwide on Friday to avenge the death of a Lebanese Shiite cleric killed by Israel last month.

Chanting "death to America" and "death to Israel," demonstrators took to the streets of Tehran for the officially organized Jerusalem Day rally, the Iranian press agency IRNA reported. The annual event, supporting the liberation of Jerusalem from Israeli rule, was decreed by the late Ayatollah Ruhollah Khomeini four years ago.

The rally ended at Tehran University at noon with a resolution condemning Israel, followed by prayers led by Ayatollah Khomeini's successor as spiritual leader, Ayatollah Sayed Ali Khamenei.

Israel radio reported that Iran was calling on Muslims to attack Israeli targets around the world. But the resolution did not specifically name Israel. It urged "revenge against the enemies of Islam."

"This nation will continue to support the oppressed children of Palestine until the liberation of noble Jerusalem," IRNA quoted Iran as saying in the resolution. "We firmly declare that the Iranian nation will continue to consider the United States and the Zionist regime as its No. 1 enemies."

It urged "committed Muslims" around the world to avenge the death of Sheikh Abolmousofi, the leader of the pro-Iranian Hezbollah, who was killed with his wife and 6-year-old son when Israeli helicopters attacked his convoy in southern Lebanon.

Islamic Jihad, the group under the Hezbollah umbrella that held many of the Western hostages in Lebanon, claimed responsibility for the March 17 bombing of the Israeli Embassy in Buenos Aires that killed at least 28 people.



A scene from the Labor Party commercial about which questions of fairness have become a political issue in the election campaign.

Girl, 5, Becomes an Unlikely U.K. Issue

By Craig R. Whitney
New York Times Service

LONDON — "We didn't do it," said the Conservatives.

"We didn't do it," said the Labor Party.

Midway through the least substantive British general election campaign in decades, all anybody seemed to want to know was this: Who leaked the name of Jennifer Bennett, the 5-year-old girl whose yearling wait for an ear operation was at the center of Labor's controversial television spot?

The film itself did not name her. The part of Jennifer was played by an actress, who dramatized her misery during a yearlong wait for a National Health Service operation to remove her tonsils and adenoids and cure a discharge from her ear.

The film also showed another little girl with a similar problem, who got her operation right away in a private clinic, by paying for it. Labor's point was that the government's purported underfunding of the £36 billion (£61.2 billion) National Health Service put ordinary people who could not afford private care at a disadvantage and undercut the British principle, established by a Labor government in 1945, of tax-financed medical care for all.

Instead, the film seemed to have undercut the credibility of the whole election process, distracting attention from the real problems of paying for medical care, as much an issue here as in the United States.

"The film related a number of different experiences," said Dr. Jack Cunningham, Labor's campaign coordinator. "It wasn't meant to be about any one real person."

Jennifer, from Kent, finally got her operation early this month. But on Thursday, a pack of British tabloid and television reporters seemed bent on the vivisection of her family. Margaret Bennett, her mother and a Conservative supporter, said that the Labor film had "distorted the situation considerably." Her father, John, defended it, saying he had written about the case to the Labor Party.

Her grandfather, Peter Lee-Roberts, told BBC television on Thursday that he had fazed the Conservatives early in the campaign, warning them that Labor was set to try to make political hay out of the miseries of the nearly 1 million people on the waiting lists. But he denied giving the Conservatives, or anybody else, Jennifer's name.

"I condemn without reservation whoever gave this little girl's name to the newspapers," said Labor's leader, Neil Kinnock, on Thursday morning. But minutes later, his press aide, Julie Hall, surprised him at his morning news conference by emotionally revealing that she had described the girl as "Jennifer" at a press preview of the spot in Manchester on Tuesday.

"Can you tell me how from the one word Jennifer you were able to identify this girl?" she said to the assembled journalists.

"The only way in which Jenny's identity could have been disclosed is through some other source," Mr. Kinnock said.

The Conservatives have compared the film, directed by Michael Newell, to Nazi propaganda before World War II. The Conservative Party chairman, Chris Patten, called the work "sleazy and contemptible," but he denied linking Jennifer Bennett's name. Prime Minister John Major, visiting a hospital in York on Thursday, said: "It certainly wasn't us."

Roy Hattersley, Labor's deputy leader, said that disclosure of the girl's name had put "an intolerable burden" on her family.

"Their suffering through their daughter's illness has been intensified by irresponsible, indeed corrupt, behavior of newspapers," he said. "Even though we are not responsible, we are sorry for this."

The Daily Express newspaper, which supports the Conservatives, stole much of the thunder from Labor's campaign spot on Wednesday by reporting that Jennifer had spent so much time on the waiting list not because of health-service cutbacks, but because of an administrative error by her surgeon. But her father produced a letter from the surgeon in which he had complained of "insufficient funding."

The polls so far show that neither Labor nor the Conservatives may win a majority in the voting April 9 for the next Parliament, but episodes like this could help change the balance.

WORLD BRIEFS

South Africa Suspends Executions

JOHANNESBURG (AP) — The South Africa government suspended the executions of death row inmates on Friday, reversing a decision earlier this week that drew widespread criticism.

Justice Minister Hendrick Coetzee said in a statement that no executions would be carried out until white and black leaders negotiating a constitution considered the issue as part of a bill of rights. He said judges would continue to have the power to sentence people to death.

"However, these sentences will not be carried out pending the outcome of negotiations on an interim bill of fundamental rights," Mr. Coetzee said. On Monday, the government said it would resume executions after a moratorium imposed by President Frederik W. de Klerk in February 1990.

Irish Abortion Foes Target EC Pact

DUBLIN — Irish anti-abortion groups Friday threatened to campaign against ratification of the Maastricht Treaty on European Union.

Their warnings followed two major concessions proposed by the Irish government on abortion: Irish women will be free to travel elsewhere for the operation, and a ban on abortion counseling and information is to be lifted. The policy shifts were contained in a revised section of the treaty put to Ireland's 11 European Community partners for approval. The original confirmed that abortion would remain illegal in Ireland.

Foreign Minister David Andrews, who is eager to quell the anti-abortion groups' concerns and get the treaty ratified, stressed: "There is no question whatsoever of abortion on demand being made available as this would be utterly unacceptable to the Irish government and people."

Bosnia-Herzegovina Asks UN Help

SARAJEVO, Yugoslavia (Reuters) — Bosnia-Herzegovina asked the United Nations on Friday to send in military observers to stop the breakaway Yugoslav republic from shipping out civil war.

"The situation in the republic is seriously deteriorating," Eijup Ganic, a member of Bosnia's collective presidency, wrote in a letter to Secretary-General Boutros Boutros Ghali.

The UN force of 14,000 peacekeeping troops has begun deploying in neighboring Croatia, to keep order among Serbs and Croats who have been fighting there since June. The UN headquarters is in Sarajevo, the Bosnian capital, but the force will not operate in that republic.

French Transfer Greenpeace Group

PAPEETE, Tahiti (UPI) — About 20 activists belonging to the environmental group Greenpeace arrived Friday in Papeete, hours after they were taken into custody by French Navy for trying to land on two Pacific atolls in an effort to disrupt underground nuclear tests.

French authorities said seven foreigners in the group, including the former Soviet environment minister, Nikolai N. Voronov, were to be sent to New Zealand. The others, all French citizens, were to be turned over to judicial authorities and were expected to be charged with criminal trespassing.

The group was flown to Papeete aboard a military jet from Mururoa Atoll, where they had tried to establish a base and take soil and water samples, seeking to prove that nuclear tests on the island are causing serious environmental damage. The Greenpeace ship, Rainbow Warrior II, was taken to a port on an atoll near Mururoa to ride out a tropical storm.

U.S. Evangelist Heads to North Korea

BEIJING (Reuters) — The Reverend Billy Graham, the American evangelist, said Friday that he had been given permission to preach in North Korea.

Mr. Graham, 73, said he would leave for Pyongyang on Tuesday and would preach at Protestant and Catholic churches and give a lecture to students at Kim Il Sung University.

He said it would be the first time a foreign evangelist had preached in North Korea since the peninsula was divided after World War II. He added that he hoped to meet North Korean government leaders.

Clinton

By Jeff Gert
New York Times Service

NEW YORK — AS a comprehensive ethics disclosure law for public officials in 1988, Mr. Clinton altered it so that some other officials covered by the law would be exempt from the requirement to disclose potential conflicts of interest.

The deletion of the law that could have covered Mr. Clinton and his wife, Hillary, in a firm that does business in drafting process.

The participants included Clinton, close political allies of the governor, Hobbell, a senior partner in Clinton's law firm, and Clinton's law firm.

Although Mr. Clinton on an ethics code amendment and debate in the state legislature, the deletion of the law would have exempted Mr. Clinton from the requirement to disclose potential conflicts of interest.

Mr. Clinton's revised ethics code retained the requirement for the disclosure of potential conflicts of interest in state commissions.

Clinton, which exempted officials was placed on the list in 1988.

Party

By Gw
New York Times Service

NEW YORK — The chairman of an annual party to remain in the city, saying that the party would be a "cross" between the party of Bill Clinton and the party of Bill Clinton's political enemies.

The party chairman, who was not named, said that the party would be a "cross" between the party of Bill Clinton and the party of Bill Clinton's political enemies.

The party chairman, who was not named, said that the party would be a "cross" between the party of Bill Clinton and the party of Bill Clinton's political enemies.

An Un

By Howz
Washington Post Service

WASHINGTON — month, about 20 regional organizations, Little Rock, Ark. Governor Bill Clinton's spokeswoman said.

The New York Times reported that Mr. Clinton and his wife had a deal with a failed savings and loan company in Washington Post Inc. Clinton's law firm had a contract that Mr. Clinton was convicted on cocaine.

"I don't think the

U.S. B

By William Dr
Washington Post Service

PARIS — The United States on Friday called international terrorism by going to court for protection of sanctions or force over suspects in the 1991 of a Pan Am jetliner.

Libya's assertions of a U.S. State Department spokesman, Edwin D. Williams, said Libya an outlaw state.

RELIGIOUS SERVICES

- AMSTERDAM**
CROSSROADS INTERNATIONAL CHURCH
International and Evangelical Sunday
Services 10:30 a.m. / Ev'g Welcome, De
Cassiniel 3, 1017 CA Amsterdam. Info:
020-615316 or 020-615399.
- DUSSELDORF**
CHRIST CHURCH (Anglican) 5.5. and
Services 11:00. All denominations are
welcome. Rattenauer Str. 135.
Tel. 0211/452759
- FRANKFURT**
CHRIST THE KING (Episcopal/Anglican)
Sebastian-King 103. 11:00 a.m. Sunday
Holy Communion 11 a.m. 9:45 a.m.
and nursery 10:45 a.m. The Rev. David
Davidson 1000. 55 01 84.
- MUNICH**
INTERNATIONAL COMMUNITY CHURCH
Evangelical, Bible Believing, services in
English 4:15 p.m. Sunday at Immanuel Str. 10
(112 Theresienstr.) (089) 650-8617.
- PARIS and SUBURBS**
THE AMERICAN CATHEDRAL (Episcopal-
Anglican), Sun. 9 & 11 a.m. Sunday School
for children and nursery care at 11 a.m. 23
e. George V, Paris 8. Tel.: 47 20 17 92.
Metro: George V or Alma-Marcadet.
- HOPE INTERNATIONAL CHURCH** (Evangelical
and for everyone), Sun. 9:30 a.m. with
children's 9:30, RE (A) to 10:00.
Tel.: 47-733354. 22, 114-127.
- SANT JOSEPH'S CHURCH** (Roman Catholic),
Masses Sat. Ev'g. 6:30; Sun. 9:45,
11:00 a.m., 12:15, 5:00 p.m. 50 avenue
de la République, Paris 11. Tel.: 42-72-2556. Metro:
Charles de Gaulle - Estie.
- HOPE INTERNATIONAL CHURCH** Evangelical and
for everyone, Sunday 7 p.m. Sofitel
Hotel Toulouse Bldg. Airport.
- MONTE CARLO**
INT'L Fellowship, 9 rue Louis Napoléon, Sunday
School 9:45, Sunday Worship 11 a.m. & 6 p.m.
Tel.: 93.25.51.51.
- TOKYO**
ST. PAUL INTERNATIONAL LUTHERAN
CHURCH, near Iidabashi St. Sun. 10:30-11:30
7:45. Worship Service: 9:30 a.m. Sunday.
- EUROPEAN BAPTIST CONVENTION**
- ATHENS**
TRINITY INTERNATIONAL BAPTIST
CHURCH, 58, Vouliagmetis Ave. Ave. Helen
Sun. 8.5, 9.45, 11:00 a.m. and 6:00 p.m.,
and 7:30 p.m. Tel.: 01-9622-2670 for directions.
- BERLIN**
INTERNATIONAL BAPTIST CHURCH, BER-
LIN, Rotherberg str. 13, 1000 Berlin 41
(Sieglinde) Bible study 10:45, worship at
12:00 and 19:00 each Sunday, Charles A.
Worked, Pastor, Tel.: 01-9622-74470.
- BONN**
INTERNATIONAL BAPTIST CHURCH
OF BONN/KÖLN, Rheinweg 9, Köln.
Worship 1:00 p.m. Calvin Hoque, Pastor.
Tel.: 1023364/47021.
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INTERNATIONAL BAPTIST CHURCH of
Brussels welcomes you to join our English-
speaking, Christ-centered fellowship with an active
youth Ministry located near the international
airport. Sunday School 10:00 a.m. and 6:00
p.m. Worship Service 11:00 a.m. and 6:00
p.m. Longe Elzard 78, 1970 Wemmelbos-
Dorp. Tel.: 731.12.2-4. Pastor: Ulrich Dolder.
- BUDAPEST**
International Baptist Fellowship, 8 Bimbo u.
54 (main entrance Tapacsokonyu 7, immedi-
ately behind front entrance), 10:30 Bible
study, 6:00 p.m. Roy Reynolds, pastor.
Tel.: 113 8759 & 115 0116.
Reached by Bus 11.
- BULGARIA**
INTERNATIONAL BAPTIST FELLOWSHIP,
Sofia, Oborova 1003, Ent. 8, R. A. Ad.
17. Bible study 10:00. Worship 11:00.
Tel.: 447075.
- CELE/HANNOVER**
INTERNATIONAL BAPTIST CHURCH,
Friedenskirche, Remmertstr. 15, Celle, SS
12:45, Worship 14:30, 30 min. Dev'g, 7:30
min. By train from Hannover. Walking dis-
tance from Celle train station. Contact Andy
Earl, Tel.: 05141-36733.
- DARMSTADT**
DARMSTADT/EBERSTADT BAPTIST MISSION,
Bible study & Worship Sunday 10:30 a.m.,
Stedionstr. 10, Eberstadt, Darmstadt 22. Dr.
Brian Everett, pastor. Tel.: 06187-91683
(pastor) & 06151-62702 (deacon).
- DUSSELDORF**
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lish, Sat. 10:00, Sunday 11:00, Children's
church and nursery, Meets at the International
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D-40699, Friendly fellowship. All den-
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tor. Tel.: 0211-401147.
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denstr. 11-18, 60309 Bad Homburg.
Phone: 06134-23278 or 06190-643330
serving the Frankfurt and Idstein areas,
Germany. Sunday worship 09:45, nursery
+ Sunday school 10:00, women's circle -
Friday 09:30, Housegroups - Sunday +
Wednesday 19:30, Pastor M. Levey, mem-
ber European Baptist Convention. Declare
His glory amongst the nations.
- BETHEL INTERNATIONAL BAPTIST CHURCH**,
An Dehnborg 92, Frankfurt a.M. Sunday
worship 11:00 a.m. and 6:00 p.m. Dr. Thomas
W. Tel. pastor. Tel.: 069-549539.
- HAMBURG**
INTERNATIONAL BAPTIST CHURCH OF
HAMBURG meets at LARSA FESTHALL,
Am Imfeld 19, Hamburg-Ohlsdorf. Bible Study
at 11:30 & Worship at 12:30 each Sunday.
Tel.: 040/820616.
- HOLLAND**
TRINITY BAPTIST S.S. 9:30, Worship 10:30,
nursery, warm fellowship, Meets at
Bloemkampen 54 in Wessenaar. Tel.:
01751-78024.
- KRAKOW**
INTERNATIONAL BAPTIST FELLOWSHIP,
ul. Wypoczynkowa 4. First Sunday each
month, 6:00 a.m. Gustav Cieslar, coordina-
tor. Tel.: 33 23 05 + 66 49 32.
- MUNICH**
INTERNATIONAL BAPTIST CHURCH OF
MUNICH, Holzer, 9 English Language Ser-
vices. Bible study 10:00, Worship Service
17:00. Pastor's phone: 690 6534.
- PARIS and SUBURBS**
EMMANUEL BAPTIST CHURCH, 56 rue des
Bonfiliers, Rue-Montmorency. An evan-
gelical church for the English speaking
community located in the western suburbs.
S.S. 9:45, Worship: 10:45, Children's
Church and Nursery, Dr. B.C. Thomas,
pastor. Call 47 51 29 43 or 47 49 15 29
for information.
- INTERNATIONAL BAPTIST FELLOWSHIP**,
6:30 p.m., 123 cv. de Maine, M° Gouv.
Nec. rue Tour Montcausole. The evening
service of Emmanuel Baptist Church. Call
47 51 29 43 or 47 49 15 29.
- WUPPERTAL**
International Baptist Church, English, Ger-
man, Persian, Worship 9 p.m., Wednesday
64, Wuppertal - Ronsdorf. All denomina-
tions welcome. Hans-Dieter Frount, pastor.
Tel.: 0202/469384.
- ZÜRICH**
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Germany (Zürich), 5-Schwarzenberg-
strasse 4. Worship Services Sunday morn-
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ing Chapel, Schwetzingen, Heidelberg.
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- PARIS** the Unitarian Universalist Fellowship
of Paris meets at noon, Foyer de l'Amis-
7 bis, rue du Pasteur Wagner, 75010 Paris
(Metro Bastille), usually the 4th Sunday
of each month. Tel.: (33) 1-42-77-9677. Every-
one is welcome.
- GENERAL INFORMATION:** Write EBU c/o
Hertz, Hydenstrasse 49, D-62950 Vord-
bach, Denmark. Tel.: (45) 42-89-4184. Unit-
arian Universalists is a liberal religious com-
munity.
- WARSAW**
WARSAW INTERNATIONAL CHURCH, Pro-
testant English language congregation, Sunday
11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.)
Sunday School 9:35 (Sept.-May) UL,
Miodowa 21. Tel.: 425-2970.
- ZÜRICH**
INTERNATIONAL PROTESTANT CHURCH
English speaking, worship services, Sunday
11:00 a.m., Holy Trinity, 11:30 a.m.,
Schwarzenberg 25. Tel.: (01) 262525.

Ankara Is Angered By Bonn Arms Ban

Washington Post Service

BERLIN — The German government said Friday that it would ban all arms shipments to Turkey indefinitely because Ankara had acknowledged using German military equipment in attacks on its Kurdish minority, violating the countries' agreement on use of the weapons.

According to Turkish diplomats, formerly East German armored personnel carriers that Bonn gave Ankara last year were used only in surveillance of Kurdish rebels. But the German spokesman, Dieter Vogel, said the equipment had been "quite clearly and unmistakably used in operations against the Kurdish civilian population," adding that Turkish military sources had confirmed the use of German weapons.

Germany gave Turkey weapons and other equipment left over after the East German National Peoples Army was dissolved, under the condition that the material be used only to defend Turkish borders or NATO territory.

Turkish forces have fired into several Kurdish towns in the past week in response to an uprising by supporters of the Kurdish Workers Party. The U.S. State Department has commended Turkey for its restraint in the retaliatory attacks, but Germany has harshly denounced the Turkish use of force, in which about 75 people have been killed.

Germany ordered the return of a cargo ship carrying military aid to Turkey on Friday, Reuters reported from Bonn. The Defense Ministry said in a statement that the German vessel was in the Mediteranean when it was contacted by radio and instructed to return with its cargo of military supplies and repair vehicles.

Bonn was also trying to persuade a Turkish transport company to stop a Turkish ship from delivering vehicles that are part of another load of German military assistance to Ankara, according to the state-

Mitterrand Pressured To Drop Cresson

By Alan Riding
New York Times Service

PARIS — France's Socialist government, still shaken by a major setback in regional elections, faced a new embarrassment Friday when two cabinet ministers won election as regional presidents with the apparent support of the extreme rightist National Front.

The scandal was expected to bring new calls from within the badly bruised Socialist Party for President Francois Mitterrand to replace Edith Cresson as prime minister as the only way of demonstrating that the government is ready to make a new start.

The vote in the regional councils of Burgundy and Lorraine prompted angry protests from the conservative Union for France coalition, which had publicly pledged to reject any alliance with the National Front.

"The Socialists have behaved scandalously," Alain Juppé, a coalition leader, said.

Laurent Fabius, the first secretary of the Socialist Party, insisted that "the Socialists do not and will not accept any National Front votes."

And he added: "There there is any doubt, there should be a new vote to eliminate all doubts."

Jean-Marie Le Pen, the National Front's leader, refused to confirm that his party had secretly backed the two Socialist candidates, but he hinted that his followers may have carried out "justified reprisals" against the Union for France for its attacks on his movement.

In last Sunday's elections for 22 regional councils, the Socialists won just 18.3 percent of votes, compared to 33 percent for the Union for France. But almost half of the 25 million voters turned away from these traditional parties, with the National Front winning 13.9 percent of votes and two ecological parties sharing another 13.9 percent.

In the elections Friday for regional presidents, 15 councils picked conservative members of the Union for France, while three — including Burgundy and Lorraine — chose Socialists. In the other councils, votes were postponed until Monday.

In the southern Provence-Alpes-Côte d'Azur region, the conservative incumbent, Jean-Claude Gaudin, was re-elected at the third ballot, defeating both Mr. Le Pen and the socialist-backed millionaire, Bernard Tapie. In this region, though, the National Front won 23 percent of votes.

Speculation is now growing that Mr. Mitterrand, whose approval rating is at its lowest since he took office in 1981, will not delay in replacing Mrs. Cresson and shaking up the government in the hope of preparing his party for next year's crucial parliamentary elections.

Among possible successors are Jacques Delors, the current president of the EC Commission; Pierre Bérégovoy, the economy minister; and Jack Lang, the culture minister and chief government spokesman. Polls show that all three men are vastly more popular than Mrs. Cresson.

Travel Update

Travel to parts of Russia and to four other newly independent states is being discouraged by the U.S. State Department because of political unrest and violence. In Russia, the State Department said, all travel to Chechnya-Ingushetia and the neighboring North Ossetia region in the North Caucasus should be deferred. It said robberies, kidnappings and pickpocketings were on the increase. Warnings were also issued for Armenia, Azerbaijan, Georgia and Moldova.

The European Community's single market will benefit people making cross-border trips to buy cigarettes, alcoholic beverages and electronic goods that cost more at home. As of Jan. 1, the EC is easing stringent limits on what these people will be able to bring back. For example, consumers will be able to buy double the 300 cigarettes allowed at present.

Olympic Airways is expanding its services in the United States with flights to Chicago and Boston. It will fly from Athens to Chicago, via New York, every Sunday and Thursday during the weekend. From Tuesday, it will fly to Boston, via New York, every Tuesday.

Japanese railroad unions called off a strike Friday after paralyzing commuter traffic for six hours in the two largest metropolitan areas, Tokyo and Osaka.

Taiwan and Bulgaria signed an agreement Friday to establish air links, the island's first with an East European country.

Singapore Airlines will launch a twice-weekly service to Madrid starting next week, it was announced Friday in Singapore.

La Guardia Airport, where a jet crash killed 27 people Sunday night, was temporarily closed Thursday evening to all arriving flights because of high winds and heavy rain, an official said.

Europe's first boat to run on natural gas goes into service next week as a tourist cruiser on Amsterdam's canals. The excursion boat was conceived as a cleaner alternative to the diesel-driven ship.

The Weather

Forecast for Sunday through Tuesday

Region	Today	Tomorrow
North America	Wind, rain and snow will hit eastern Canada into Monday. The Northeast and Midwest will be windy Tuesday, then dry and clear Monday, in Chicago and Atlanta. It may rain Sunday. Showers will likely return to Southern California Monday.	Another in a series of powerful storms will move into the Northeast Tuesday through Thursday. Windy and rainy day. London and Paris will be windy with rain and possibly a thunderstorm. Lisbon will be windy with heavy rain.
Europe	Another in a series of powerful storms will move into the Northeast Tuesday through Thursday. Windy and rainy day. London and Paris will be windy with rain and possibly a thunderstorm. Lisbon will be windy with heavy rain.	Another in a series of powerful storms will move into the Northeast Tuesday through Thursday. Windy and rainy day. London and Paris will be windy with rain and possibly a thunderstorm. Lisbon will be windy with heavy rain.
Asia	Rain is in store for much of Japan. Heavy rain may hold off until late in Tokyo. Monday may be rainy. Seoul will remain mid-air. Weather will hold in Taipei and Hong Kong Sunday. Shifting high will bring Bangkok and Singapore.	Rain is in store for much of Japan. Heavy rain may hold off until late in Tokyo. Monday may be rainy. Seoul will remain mid-air. Weather will hold in Taipei and Hong Kong Sunday. Shifting high will bring Bangkok and Singapore.

Region	Today	Tomorrow
Europe	High: 68, Low: 52, Wind: 10-15 mph, Clouds: Partly cloudy.	High: 65, Low: 50, Wind: 10-15 mph, Clouds: Partly cloudy.
Asia	High: 75, Low: 60, Wind: 10-15 mph, Clouds: Partly cloudy.	High: 72, Low: 58, Wind: 10-15 mph, Clouds: Partly cloudy.

Legend: S - sunny, P - partly cloudy, C - cloudy, SH - showers, TH - thunderstorm, F - fog, M - mist, W - snow, R - rain, H - high, L - low, W - wind, C - clouds, D - drizzle, N - no forecast.

Clinton Rewrote Ethics Law, Exempting Himself

By Jeff Gerth
New York Times Service

NEW YORK — As governor of Arkansas, Bill Clinton backed a comprehensive ethics and disclosure law for public officials, but before it was approved by voters in 1988, Mr. Clinton and his advisers altered it so that he and some other officials were exempted from the requirements to disclose potential conflicts of interest.

The deletion of the provision that could have covered Mr. Clinton and his wife, Hillary, a lawyer in a firm that does business with the state, occurred during a private drafting process.

The participants included Mr. Clinton, close political aides and allies of the governor, and Webb Hubbell, a senior partner in Mrs. Clinton's law firm.

Although Mr. Clinton's work on an ethics code attracted wide attention and debate in Arkansas, the deletion of the conflict-of-interest provision for nonlegislators — and Mr. Clinton's role in that deletion — has apparently never been disclosed before.

An ethics package, which overwhelmingly passed the state's House of Representatives in February 1988 but stalled in the Senate, would have required legislators and a broadly defined category of "public servants" including the governor, to file a report every time they took an action or decision that might affect their family's personal finances.

The package applied to decisions involving a business or firm in which a member of the official's family was employed or a partner.

Mr. Clinton's revised version of the House bill retained the disclosure requirement for legislators, but deleted it for the governor, other elected officials and the appointed officials in state agencies and commissions.

The version favored by Mr. Clinton, which exempted these officials, was placed on the ballot at his direction in 1988 and be-

came law after it was approved by the voters that year.

One practical effect was to exempt Mr. Clinton from any possible liability for reporting in detail any actions or decisions on his part that affected the clients of his wife or her law firm.

With this language out of the legislation, Mr. Clinton also did not have to wrestle with the potentially complex legal question of which of his wife's or the firm's activities would require disclosure — a potential quagmire of complex and debatable judgments.

Mrs. Clinton has said that she voluntarily refused to share in the firm's income from work for the state. But she does share in bill-

ings from clients who use the firm in their dealings with the state.

Mrs. Clinton has also commented on the difficulty of having an independent career in a small state in which her husband is the governor, and that she has tried to avoid representing clients who do business with the state.

In a statement Thursday, Mr. Clinton said: "The reasons for dropping that particular provision had nothing whatsoever to do with possible problems for me, my wife, or her law firm, a subject which no participant recalls ever even arising in countless conversations on the ethics bill."

Mr. Hubbell, who is a friend of the Clintons, acknowledges being

involved in writing the law, but also denies shaping it to bar from public scrutiny information about Mr. Clinton's actions and the law firm's work.

The income that Mr. Clinton's wife derives from her partnership in the law firm has been a sporadic issue in previous gubernatorial campaigns and the current Democratic presidential campaign.

Mr. Clinton's opponent, former Governor Edmund G. (Jerry) Brown Jr. of California, has said that it was a conflict of interest for Mrs. Clinton to work for a firm that does business with the state.

The firm also represented a failing state-chartered savings-and-loan institution that was

owned by James B. McDougal, who was the Clintons' partner in an Ozark Mountains real estate development corporation.

Questions have been raised about a possible conflict of interest for Mr. Clinton because his administration was in charge of regulating such savings-and-loan institutions while his wife was handling legal work for Mr. McDougal's institution, and while the Clintons were in business with the man.

The Clinton campaign has argued that nothing that the governor, his wife and the law firm did was barred by Arkansas' ethics laws, and that they have made public information beyond what was required by law.



Bill Clinton, left, arguing with an AIDS activist who interrupted him during a campaign speech in New York City. The protester questioned Mr. Clinton's commitment to fighting the disease, to which the candidate responded, "That's bull and I'm tired of it."

Party Chairman Scolds Brown for 'Inappropriate Attacks'

By Gwen Ifill
New York Times Service

NEW YORK — Ronald H. Brown, the chairman of the Democratic Party, has issued an unusual rebuke to one of his party's two remaining major candidates for president, saying Edmund G. (Jerry) Brown Jr. had "crossed the line in terms of inappropriate attacks" against Governor Bill Clinton of Arkansas.

The party chairman said he wanted to maintain his neutrality but was compelled to speak out against what he described as the former California governor's "scorched-earth policy" of verbal assault on Mr. Clinton's record and character.

Former Governor Brown, responding to the chairman's remarks, said that he was not surprised at the party snub.

"I think it is understandable that he becomes overzealous in his protection of the old order," he told reporters. "Survival is the first instinct of any organization."

The party chairman's remarks on Thursday came on a day when other leading Democrats appeared to be closing ranks behind Mr. Clinton, who holds a substantial lead in delegates but has encountered a persistent unease over his candidacy among party regulars.

In addition to an endorsement from

Senator Tom Harkin of Iowa, who dropped out of the presidential campaign this month, Mr. Clinton received support from Sen. Daniel Patrick Moynihan of New York, who criticized former Governor Brown's proposal to institute a flat-rate tax of 13 percent.

The Brown tax plan, he said, would "put a silver bullet through the heart of Social Security."

Mr. Brown disagreed, saying that his proposal would "protect Social Security recipients."

But the closing of Democratic ranks behind Mr. Clinton and against Mr. Brown was most remarkable in the actions

of the party chairman, who has long urged party leaders to settle on a nominee early in the process so that the candidate would have more time to prepare for a general election fight.

Until Mr. Brown won the Connecticut primary on Tuesday, party leaders had appeared satisfied that they had accomplished just that.

"I've been maintaining the neutrality of the party," Ronald Brown said. "Nonetheless, when one of our candidates has crossed the line in terms of inappropriate attacks on one of our Democrats, I will speak up."

An Unknown Quantity's Trial by Fire in the Press

By Howard Kurtz
Washington Post Service

WASHINGTON — Over the last month, about 20 reporters from national news organizations have descended on Little Rock, the Arkansas capital, pitting Governor Bill Clinton's record under a journalistic microscope.

The New York Times has reported that Mr. Clinton and his wife, Hillary, invested in a land deal with a man who became a failed savings and loan operator. The Washington Post has reported that Mrs. Clinton's law firm has received substantial state business. The Los Angeles Times has reported that Mr. Clinton lobbied for a state contract that benefited a friend later convicted on cocaine charges.

At no time during his presidency has George Bush been subjected to a comparable barrage of scandal-type stories, the kind that can alter forever how the public views a politician. Nor have reporters spent much time looking at Edmund G. (Jerry) Brown Jr.'s two terms as California governor, his tenure as state Democratic chairman or his work as a private lawyer.

"There's a tremendous imbalance," said Jack Nelson, Washington bureau chief of the Los Angeles Times. "I don't see anybody digging over Bush's record, or talking about his arming of Saddam Hussein before the invasion."

"I don't think there's any question the

press is beating up on Clinton day in and day out, and just about all those stories are recycled from Arkansas," he said.

To be sure, Mr. Bush has been subjected to plenty of critical reporting over the years, from the 1988 stories that depicted him as a "wimp" to his broken no-new-taxes pledge to stories documenting how administration officials continued to aid Iraq in the months before the Gulf War. And, of course, an incumbent's record is dissected and criticized every day.

But such stories tend to follow the ebb and flow of the news. Rarely is a nationally known officeholder placed under the kind of searing spotlight that, in just a few weeks, probes the most basic questions about one's personal life, finances and character.

The pattern is familiar: A newcomer bursts onto the national stage and is quickly subjected to a withering crossfire by the investigative guns of the press. It happened to Geraldine A. Ferraro, the Democratic vice presidential nominee, in 1984, and to Dan Quayle, Mr. Bush's running mate, in 1988. It is not clear that any public figure can withstand such scrutiny.

Mr. Clinton has been through several rounds of the media peadulum since announcing his candidacy last fall. He benefited from a slew of early articles that helped position him as the front-runner, then was pummeled about allegations of adultery and draft evasion.

Much of the coverage turned favorable again as Mr. Clinton won a series of primaries and reporters expressed admiration for his campaigning skills. But once Mr. Clinton seemed on the verge of clinching the Democratic nomination, news organizations felt compelled to take another look.

"This guy has been governor of Arkansas, but to a lot of people that's as if a ship landed from outer space," said Jay Seaver, a Republican political consultant. "If Bill Clinton had been director of the CIA, a congressman and ambassador to China, the media would feel less of an obligation to fill out the resume, to define him for the American public."

An incumbent president, by contrast, is presumed to be a known quantity who has already survived his trial by media fire. The press tends in a disinterested way to probe the details of Mr. Bush's role in the Iran-contra scandal when he was vice president, as "old news."

Long-shot candidates such as Mr. Brown are not held to the same standard as more established rivals.

"Up until now, Brown has escaped with almost no scrutiny because people thought he was a national joke," said Mark Mellman, a Democratic poll-taker.

Only in the past 10 days have newspapers published detailed pieces criticizing Mr. Brown's tax plan, a central plank of his candidacy, though Mr. Brown may be

in for the kind of tough reappraisal that often follows political success.

Mr. Clinton said Wednesday that it would be "interesting" to count the person-hours devoted to investigating him and compare it to the scrutiny given the other Democratic candidates or Mr. Bush.

John Robert Starr, managing editor of the Arkansas Democrat-Gazette, said recent stories about Mr. Clinton had been widely known in Arkansas.

National reporters, he said, seem "more interested in writing a story than in telling the truth."

Many of the allegations remain muddled.

The New York Times story about the Clintons' investment in a land development had little resonance because the Clintons wound up losing \$68,900 on the deal.

Bush Needs Less Stress, Doctor Says After Exam

By Lawrence K. Altman
New York Times Service

WASHINGTON — The White House doctor has said that three years of the presidency have put George Bush under great stress and that he needs to reduce his hectic schedule and take vacations more often.

The physician, Burton J. Lee 3d, said in an interview that Mr. Bush needed a place where he "can go for a few days of peace and quiet so his engine can come back in balance from the incredible pace that he normally keeps."

Otherwise, Mr. Bush emerged from an annual medical checkup Thursday with a declaration from his doctor that he was in "perfect" health.

Dr. Lee said the president was not depressed or stressed out. He said Mr. Bush "handles stress far better than the rest of us."

Nevertheless, he said, "the stress of the job has to get to him, and it is my job to see that it does not get to him in a way that it is bothersome to him in his functioning."

In the past, questions have been raised about whether the president's occasionally tangled syntax could possibly relate to his physical state.

Reporters have often noticed that when Mr. Bush gets tired, as on long foreign trips or in the heat of campaign forays, his sentences are occasionally muddled.

As he tires, he sometimes seems to go into a kind of overdrive — the pitch of his voice rises and his gestures become more animated.

But the White House has consistently said Mr. Bush was in robust health and as recently as this week said that he was not unusually fatigued by his schedule.

In speaking out, Dr. Lee raised more openly an issue he has spoken about since he became Mr. Bush's doctor — getting his patient to relax.

The doctor said that he was becoming increasingly aware that Mr. Bush could not get away to decompress.

"It's a major problem," Dr. Lee said. "If the stress level builds up too high you start not becoming as effective as you were. It is at that point that most of us go on vacation for a while."

"My prescription is for us to try to find a place where the man can get some privacy," Dr. Lee said, adding that Mr. Bush needed to go somewhere other than Camp David, where the daily working habits are much like those of the White House.

The doctor said he was working with the White House chief of staff, Samuel K. Skinner, and other officials to find such a place.

Marlin Fitzwater, the president's spokesman, was noncommittal Friday when asked at the daily White House press briefing about Dr. Lee's recommendation.

"He thinks the doctor is a very wise man," Mr. Fitzwater said. "We don't have anything."

"Is he going to take the advice?" a reporter interrupted.

"I agree with the doctor," the spokesman replied. "I think we all need a long vacation."

"You have to get away, to relax, to get a change of pace, in let your hair down, come out in old clothes without someone taking a telephone picture of you, to be able to swear a little if you shank a shot on the golf course, and this guy does not have many opportunities to do that," Dr. Lee said.

Dr. Lee also said he doubted that Mr. Bush would accept the prescription, particularly in an election year and when the country is in economic trouble.

"That has a bad image," Dr. Lee said.

The doctor has accompanied Mr. Bush on many of his trips to 33 foreign countries and said he had noticed that "no other world leader is subjected to a fraction of the pressure that an American president is put through."

Noting that people differ in their idiosyncrasies and reactions to everyday problems, Dr. Lee said: "World crises don't bother this fellow as much as smaller things. When you are a friend of his you can pick up on those, and that is the kind of thing you want to try to intercede to help him with."

Dr. Lee said he refused to violate the confidentiality of his role as physician and friend to Mr. Bush to provide specific examples.

The president, who will be 69 on June 12, said that his checkup at Bethesda Naval Medical Center was "perfect" and that "everything was normal."

Dr. Lee agreed, saying the results of an extensive examination were "perfect, no surprises."

AMERICAN TOPICS

Cross-Florida Canal Now a Coveted Strip

The notion of digging a canal across Florida, a shortcut for waterborne traffic between the Atlantic Ocean and the Gulf of Mexico, probably dates back to the days of the pirates. Congress authorized a government study of the idea when John Quincy Adams was in the White House 167 years ago. Excavation began in the midst of the Great Depression of the 1930s but was short-lived. The U.S. Corps of Engineers began to dig in earnest in the 1960s, but President Richard Nixon, at the urging of environmentalists, called off the project.

Today, the canal idea is moribund, but its corridor, 110 miles (about 180 kilometers) long and averaging a mile wide, is the center of debate. According to present plans, it is to become a greenbelt. Environmentalists want it insulated from development and restored everywhere possible to a natural state, which would encourage the return of wildlife that is threatened on every side by Florida's booming population.

Others contend that development already has foreclosed the possibility of a wildlife preserve extending the breadth of the state. For example, outside Ocala, the largest town adjacent to the corridor, the right-of-way passes within a stone's throw of a commercial campground, a subdivision and a mountainous landfill. Other stretches have become illegal dumps.

Fred D. Ayer, the state official responsible for managing the strip, sees it accommodating

not only environmentalists but bikers, bikers, canoeists, picnickers and ballplayers.

"I know how crowded this state is going to be 20 years from now," Mr. Ayer said, "and I believe we can accomplish something truly awesome."

Short Takes

The World Federation of Americans Abroad will hold a conference on health care for overseas citizens at 1 P.M. April 4 at the Holiday Inn in Waldorf, Germany, near Heidelberg. Admission 10 Deutsche marks (\$6). Everybody welcome. Details available at WFAA, 49 rue Pierre Charron, 75005 Paris, France, telephone 331-4266-9075.

New research puts worldwide deaths from the 1918-19 influenza epidemic at 50 million people. The Washington Post reports. Previously, it was estimated at 21.5 million. The U.S. death toll was 550,000. Scientists have yet to find the virus that caused the epidemic. Mortality was highest in people 20 to 40 years old, exactly the age group that usually would be the least affected.

Too often people buy clothes without looking at the label, says Daniel Eisen of the New York School of Dry Cleaning in Manhattan. "Most people are blinded by what the garment looks like on them," he says. "If the price is right, they very often don't look at the labeling." Federal law requires accurate labels. Buyers often discover, too late, that the label says, accurately, "Do not wash. Do not dry-clean." And mislabeling is prevalent, although it can cost manufacturers up to \$10,000 for each violation.

Arthur Higbee

House Panel Acts to End Patronage Hiring System

Los Angeles Times Service

WASHINGTON — In a swift reaction in the House Bank scandal, a bipartisan congressional task force has agreed in principle to abolish the patronage system used for filling thousands of jobs on Capitol Hill, according to a Democratic member of the panel.

Under the accord, jobs for Capitol doorkeepers, clerks, elevator operators, post office workers and others would no longer be filled by members of Congress with whom they chose — in many cases, relatives and friends.

Instead, the jobs, about 5,000 in number, would be filled through a merit system, a source said. Members' offices and committee staff would be exempt from the system.

The panel only recommends changes in the House's management, but the intensity of the current House Bank scandal will make anything they recommend politically impossible to resist, House leaders agree. Hundreds of current and former House members are accused of writing bad checks against their House bank accounts.

Legislation Seeks to Open Secret Files on JFK Killing

Washington Post Service

WASHINGTON — Influential members of the House and Senate have introduced legislation to require public disclosure of most secret files compiled during the investigation of the 1963 assassination of President John F. Kennedy.

The bill was sponsored by the chairman of the Senate intelligence committee, David L. Boren, Democrat of Oklahoma, and Representative Louis Stokes, Democrat of Ohio, former chairman of the House Select Committee on Assassinations. It is expected to add hundreds of thousands of pages to the public record about Mr. Kennedy's murder.

Even Russia is requested in the bill to disclose any records of the former Soviet Union's intelligence agencies concerning the assassination.

But many experts have questioned whether these files will provide a definitive answer to the continuing worldwide controversy over whether Mr. Kennedy died as the result of a conspiracy, which has been fueled recently by the Hollywood thriller "JFK." The film alleged a far-reaching plot and high-level cover-up of it.

The bill would create an independent, court-appointed review board of five members to examine all federal records relating to Mr. Kennedy's assassination, including those of the CIA, the FBI, the Warren Commission and congressional assassination inquiry panels.

Even Russia is requested in the bill to disclose any records of the former Soviet Union's intelligence agencies concerning the assassination.

U.S. Berates Libya for Seeking Court's Protection

By William Drozdiak
Washington Post Service

PARIS — The United States accused Libya on Friday of sabotaging international efforts to fight terrorism by going to the World Court for protection from threats of sanctions or force unless it hands over suspects in the 1988 bombing of a Pan Am jetliner.

In a hard-hitting response to Libya's assertions of intimidation, a U.S. State Department legal adviser, Edwin D. Williamson, branded Libya an outlaw state that gave

clandestine support to terrorists yet now sought help from the court, the judicial arm of the United Nations, to dodge extradition demands approved by the world community.

"This is the first example in the court's history in which a nation tried to use it to undo the work of the Security Council," Mr. Williamson told the court in The Hague.

Libya took its case to the court for an emergency ruling to block the United States and Britain from taking economic or military action

to compel the Libyan leader, Colonel Moammar Gadhafi, to turn over two intelligence agents who are believed to have orchestrated the Pan Am bombing over Lockerbie, Scotland, in which 270 people were killed.

The Security Council is expected to pass a resolution next week that would cut air links to Tripoli, ban the sale of weapons and aircraft to the country and call for the expulsion of most Libyan diplomats posted abroad.

The court heard Libya's arguments Thursday that the U.S. and

Britain were employing "illegal and arbitrary blackmail" to gain custody of the two suspects.

Libya has proposed banding over the suspects to the United Nations provided that they are not interrogated in the United States or Britain. That condition is unacceptable to Washington and London, which insist that the Libyans must stand trial in U.S. or British courts.

Mr. Williamson described the Libyan role in the Pan Am bombing as "part of a broader pattern of support for international terrorism,

not an isolated case of criminal activity."

Following the example of the British prosecutor, Alan Rodger, who addressed the court Thursday, Mr. Williamson outlined the evidence arrayed against the two Libyans and called the bombing "perhaps the most heinous example of a terrorist attack against citizens of my country in the last decade."

"The world community cannot stand idly by when a state embarks on a policy of supporting such heinous acts, as we believe Libya has done for many years," he said.

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JAL operates 40 flights between Europe and Japan every week — 33 of them non-stop.

A Minor Nuclear Accident

As nuclear accidents go, the recent one in Russia was minor. But even minor reactor accidents are alarming, and this incident involved a machine of the same flawed design as the Chernobyl reactor that ran out of control in 1986.

bring all of the pressurized water reactors up to international safety standards. Beyond that, the Chernobyl disaster has generated, understandably, a fierce public opposition to further construction.

Brown's Not-So Flat Tax

Taking Jerry Brown seriously means taking his flat tax proposal seriously. Needless to say, he has made that hard to do. By being careless, the former California governor has been a good idea out of shape.

corporations would pay tax on interest, dividends and profits. That way, every dollar of income would be taxed once and only once. The plan would subsidize saving, and create an exemption that would protect the poor.

Bush Foreign Policy: Needs Improvement

By Leslie H. Gelb

NEW YORK — Polls now show that Americans have more confidence in the Democrats than in President George Bush on every issue except foreign policy. A solid majority still sees him as a real professional on world affairs.

war. Opposed legislators who wanted to get tough, though most experts do not look good in hindsight either. Grade: F.



In the Dark, Groping for New Ideas

By Flora Lewis

PARIS — As people in the former Communist countries grope painfully to establish liberal democracy, voters in the established democracies are pronouncing their dissatisfaction with traditional party systems.

Germany and Japan do not have votes scheduled this year, but their societies too signal widespread feeling that something is very wrong.

A Proper American Course on Democratic Israel

By Stephen Rosenfeld

WASHINGTON — Let us look at the hard case of American support for Israel — whether finally the United States should defer to the Jewish state's own view of the requirements of its security and national purpose because Israel is a democracy, the only democracy in its area.

using it to move the open society of Israel? How can Mr. Bush appear so insensitive to the predicament of a democratic Israel all but encircled by undemocratic, hostile and unreliable Arabs?

but also democracy, since in conditions of peace local forces lose the excess of peril and confrontation for arbitrary rule.

Peace-Dividend Politics

In 1990, President George Bush and Congress agreed to cut the military budget about 20 percent in real terms over five years. Now both agree that it can safely be cut more — but how much more and what to do with the proceeds remain in dispute.

defense to domestic purposes next year; only this year is in question. The shift that the president and Republicans are resisting would not increase appropriations of the deficit; it would simply change the mix.

The Only Slightly Funny Adventures of Popeye, Part 2

By A. M. Rosenthal

NEW YORK — Let us continue with the adventures of Evans, Novak and Popeye.

To it: On March 16, Evans-Novak reported that Israel was about to sell the Chinese a missile called STAR.

Popeye was bought by the United States (in their first column Popeye was not even mentioned).

Other Comment

Democratic Self-Destruction

Downplaying the harm to Governor Bill Clinton in the Connecticut primary, the Democratic national committee chairman, Ronald Brown, said, "I've never known a nominee who wins everywhere, every day."

weaknesses in presidential politics is this instinct to turn on its front-runners. In every presidential primary season, beginning in 1968, opponents have cut the ultimate winner to shreds clear through to the national convention.

Burma: 30 Years Under an Iron Fist

By Josef Silverstein

PRINCETON, New Jersey — Thirty years ago this month, General Ne Win and the army seized power in Burma. They imprisoned members of the elected government and imposed a dictatorship.

fits in housing, education, travel and consumer goods. In foreign policy, General Ne Win leaned toward the socialist states and away from the West. In time, he moved so far leftward that English ceased to be a language of instruction, the quality of education declined and Burma fell behind its neighbors in preparing its youth to participate in the changing world economy.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Death of a Poet

NEW YORK — Walt Whitman died last evening (March 26), at seven o'clock, at his home in Camden, New Jersey. He was nearly seventy-three years old, and for the last few days had been much weaker and taken but little nourishment.

reaches a total of more than 20,500,000 men. President Woodrow Wilson has issued a proclamation authorizing an increase in the United States Marine Corps.

1917: Wilson Calls Militia

WASHINGTON — The mobilization of the National Guard goes forward without any perceptible hitch and now includes thirty-four States.

1942: Surprise Attack

MOSCOW — [From our New York edition:] A sea-borne Russian force has landed behind the German lines on the Murmansk coast under the protection of the Red Fleet.

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Azerbaijan Hits Passenger Jet

Aeroflot Flight Lands Safely in Armenia After Attack

Compiled by Our Staff From Dispatches
MOSCOW — Azerbaijan weapons fire damaged an Aeroflot passenger jet flying from the disputed region of Nagorno-Karabakh to the Armenian capital of Yerevan on Friday, but the plane landed safely, Armenian officials said.

The Yak-40 three-engine jet with 30 passengers and four crew members aboard was hit over Azerbaijan shortly after takeoff from Stepanakert, the capital of Nagorno-Karabakh, said Mikit Kazaryan, a spokesman for the Armenian government in Moscow.

Mr. Kazaryan said the plane was hit by a heat-seeking missile, but officials in Nagorno-Karabakh said it was struck by anti-aircraft shells.

The impact damaged an engine on the plane's tail. The pilot was able to shut the engine down and

land safely in Yerevan on two engines, Nagorno-Karabakh officials said.

Some passengers suffered minor injuries, the Tass said. Quoting the Nagorno-Karabakh government, it hailed the pilot's "extraordinary skills" in landing the aircraft.

Armenian officials in Moscow said about 10 passengers were injured.

Tass described the weapon as a surface-to-air missile. It said the aircraft caught fire, but that fire fighters at Yerevan's airport put out the blaze.

But a spokesman for Armenians in Nagorno-Karabakh said all the evidence pointed toward the aircraft having been hit by 40mm anti-aircraft guns.

"Preliminary data shows it cannot have been a missile," the

spokesman said. "It would have destroyed half the plane."

The attack came as the two former Soviet republics agreed to extend a cease-fire in the disputed territory until peace talks can start. The cease-fire, brokered by Iran, went into effect March 20 in allow a UN special envoy, Cyrus R. Vance, to visit the region.

At least 1,500 people have been killed in four years of fighting between the two republics over the largely Armenian-populated enclave, administered by Azerbaijan.

Despite the truce, the two sides have shelled each other practically every day.

"If it is a cease-fire, if the thing that exists can be called a cease-fire, it has been extended," said Asbot Anteyan, press secretary in President Levon A. Ter-Petrosyan of Armenia. (AP, Reuters, AFP)



A Kurdish family selling cigarettes in Karkuk, the capital of Iraq's Kurdish region, 300 kilometers north of Baghdad.

KURDS: Turks Seek to Handle Insurgents and Still Be Embraced by West

(Continued from page 1)
 have been fighting a guerrilla war against the Kurdish Workers Party. More than 3,300 people have died in a conflict that corrodes Turkey's Western-looking aspirations and raises frequent questions about human rights violations, including routine and systematic torture.

In this region, fringed by Iran, Iraq and Syria, even legislators carry handguns.

Until October, when Prime Minister Suleyman Demirel returned to power, the authorities largely relied on what proved to be an ineffective military response to the Kurdish guerrilla campaign, only reluctantly and belatedly shifting away from the notion that Turkish Kurds have no claim to a national identity.

Until April last year, the Kurdish language was outlawed, and it

still may not be used to broadcast or teach; the Turkish constitution specifically denies the Kurds' claim to a separate political identity.

When Mr. Demirel traveled here in December, however, he seemed to offer a different perspective.

"Turkey has recognized the Kurdish reality," he said. The comment, and earlier offers to treat the country's estimated 10 million Kurds "with compassion," seemed part of an unfolding counterinsurgency strategy: an offer of benevolence toward Kurds who distance themselves from what the authorities call terrorism, and a warning of harsh tactics toward those who do not.

This strategy includes air strikes against what officials say are Kurdish bases in Iraq. The attacks have drawn accusations both from the United Nations Children's Fund

and independent reporters that the Turkish airplanes killed civilians, including children. Despite those protests, Turkish warplanes have since been reported in action again against Kurdish guerrilla bases in northern Iraq.

What troubles Kurdish leaders here more directly, however, are deaths like those of Mr. Gunegin, which are attributed to government sponsorship of an ostensibly Islamic fundamentalist group called Hezbollah, or the Party of God.

"I believe that some security forces and the government are supporting the Hezbollah against the people," said Dagistan Toprak, the Kurdish deputy mayor, who belongs to the Social Democratic Party, the junior coalition partner in Mr. Demirel's government.

"Since the beginning of 1991,

there have been a lot of mysterious killings," said Fevzi Veznerdoglu, a human rights lawyer, who said he suspected a counterinsurgency unit within the Turkish military.

Although the authorities routinely deny involvement, Mr. Acar, the human rights official, said that none of the 62 apparently political killings had been investigated and that there had been no murder trials.

"The government is not trying to find the killers," he said. "It is not even taking evidence." But state security courts tried 1,200 people last year on charges on supporting the Kurdish guerrillas.

"I'm scared," Mr. Acar said. "I cannot go out at night. I can't open my door at night and I never go anywhere alone."

SIDEWALK: Ex-Crime Pays

(Continued from page 1)
 ers-by in a women's dressing gown. "How else are we meant to live on our pension of 340 rubles?" That sum is \$3.40 at the bank exchange rate.

The new Russian government of President Boris N. Yeltsin does not merely tolerate the anarchic street markets. It is encouraging and protecting them, as an instrument in smashing the state monopoly in trade, and in fighting an informal but ubiquitous mafia of government apparatchiks and big-time criminals who have controlled the distribution of scarce goods.

A month after abolishing most government price controls on Jan. 1, Mr. Yeltsin issued a decree giving private citizens the right to buy, sell and engage in "miscellaneous operations" in virtually any public place. The police, which until then had combated speculation, were instructed to protect the street traders from harassment.

"We cannot defeat the mafia rapidly, but this creates new possibilities," said Deputy Prime Minister Yegor Gaidar, the government economics czar, whose spacious office almost overlooks the chaotic scene outside Detskiy Mir. "It makes the cost of controlling trade prohibitive."

The explosion in sidewalk commerce that has taken place in Moscow and several other large Russian cities follows the pattern set by Poland in 1990 after the introduction of economic "shock therapy." The Polish government eventually restricted the traders to designated areas.

At first, the crowds around Detskiy Mir were mainly made up of poverty-stricken pensioners and housewives desperate to sell a few personal belongings in order to buy food. These people have now been joined by hustling entrepreneurs and semiprofessional traders who can earn many times their official salaries by indulging in the capitalist art of buying and selling.

"For most people, it is impossible to live on their regular salary," said Mr. Kovalenko, who works for the state airline, Aeroflot. "This makes life bearable."

During a recent trip to Congo, Mr. Kovalenko bought 10 huge pineapples for a total of \$15. He has now resold them at a 500 percent profit. His net earnings of 7,500 rubles may seem little by Western standards. But in Russia, the average monthly wage is about 1,200 rubles.

Few Russians, of course, are able to travel abroad as often as Mr. Kovalenko. But even those who have never been outside Russia are finding opportunities for commerce that never existed before.

A few yards farther on, a worker from a secret defense plant in northern Russia was selling bat-

tery-powered dogs that yap and stand on their hind legs. It turned out that the defense plant, which used to produce periscopes for nuclear submarines, is on the verge of bankruptcy. In order to keep the workers occupied, the plant stole some yapping-dog technology from Japan and began churning out children's toys in place of periscopes. Enterprising workers buy up the toys and take day trips to Moscow to sell them on the street.

"Here in Moscow, everybody seems to be buying and selling," said the worker, Maslia, who refused to give her last name because she feared it might get back to the factory management. "But in the provinces, this is still considered speculation. If I wasn't able to earn extra money in this way, it would be impossible for me to feed my family."

The unregulated nature of the street markets has alarmed government bureaucrats accustomed to controlling every aspect of economic life. The head of the Moscow public health department, Nikolai Filatov, recently warned that uncontrolled street trade in food products could lead to an epidemic of stomach problems from tainted food.

Alarmed by the scenes around the Lubyanka and Detskiy Mir, the Moscow city government has urged Mr. Gaidar to restrict the right of free commerce to specific areas, as the Poles have done. But the deputy prime minister is unwilling to compromise on his free-market principles.

"If we set aside one or two places for this kind of trade, it would become easier to control," said Mr. Gaidar, who has set himself the goal of defeating the bureaucratic mafia by changing the economic ground rules on which Russian society operates.

"What is happening around Detskiy Mir is good," he said.

In China, A Gesture To Women

Compiled by Our Staff From Dispatches
BEIJING — After more than four decades of Communist rule, the government on Friday submitted a bill to the legislature that declares women equal to men at work and at home.

"China still has a long way to go in realizing women's equality with men," the official Xinhua news agency quoted Zou Yu, an official of the National People's Congress, as saying.

"Actual differences exist between men and women in terms of social and family status," Mr. Zou said, adding that change is not likely to come quickly.

Mr. Zou's comments were unusual for acknowledging that sex discrimination — long regarded as a capitalist problem — exists in China. Chinese authorities generally maintain that because most Chinese women work, they enjoy equal social status with men.

The women's law was drafted partly in response to Western criticism of human rights problems in China. The legislature approved a law on children's rights last year, and the government points to it as proof that it protects the rights of all segments of the population.

The women's law is expected to be passed by the rubber-stamp National People's Congress before it ends its annual session next week.

(AP, Reuters)

SALOMON: A Bad Week for the Chairman

(Continued from page 1)
 because he was responsible for government bonds, claimed at least \$11.42 million but was offered only \$447,000. Protracted wrangling with Salomon seems likely.

Then, late Wednesday afternoon, five minutes before the 4 P.M. closing bell, a Salomon securities clerk hit a computer button with program trading orders to sell several hundred million dollars' worth of blue chips. "From Alcoa to Xerox," said Laszlo Birinyi, who specializes in program trading at his own firm and used to set up such trades for Salomon.

The clerk mistakenly converted the dollar value of the shares into an order to sell that number of shares, triggering an order to sell 11 million shares instead of \$11 million worth of shares. About 400 different shares were sold at the same time and betting that the index will fall. This is called "front-running," and technically it involves buying a "put" on the stock index. Anyone who bought a put just before the Dow slumped late Wednesday would have made money.

Some Salomon traders said they saw the firm's chief futures trader shouting at a senior stock trader as they tried to buy futures to limit Salomon's losses after the botched trade. The firm said later that it caught the mistake before the full order went through.

The incident raised nagging questions again about whether technology was outrunning the market's ability to control it. The

New York Stock Exchange began an investigation but issued a statement pointedly reminding the industry that it had already proposed a rule that would stop last-minute "market on close orders" by program traders after 3:45 P.M., allowing time to flag and unravel them if they were wrong.

Mr. Mayer said he suspected that firms would prefer leaving open the possibility of making profits by trading against their customers on the final and often confused moments of a busy trading day.

"If you know your client is selling heavily," he said, "you can always make a profit trading against him."

Professor Hyman Minsky of the Levy Institute at Bard College traced the trouble to the end of fixed commissions. He said: "When you negotiate your broker down to a penny a share on a trade, he stops acting on your behalf as your agent and starts acting for himself. He can make more money that way."

Even without ascribing sinister motives, one program trader worried that simple mistakes could bring disaster in the burgeoning 24-hour global market. "What happens in the wonderful world of the future when someone makes a mistake like this in London when it's only 3 A.M. in New York, and we wake up here with the market down 200 points? How do we put things together then?"

mistake would have little impact on Salomon's profits because the stock could be bought back at close to the sale price, at a net loss of only a few million dollars on the whole transaction. Lynch Jones & Ryan has forecast Salomon's 1992 profits at \$348 a share, down from \$3.90 last year but almost a triumph considering what the firm has gone through.

But the biggest shift may be in all those cybershow going up again on Wall Street. No one suspects Salomon of acting outside the law or even ethics, but Mr. Birinyi asked, "What happens next time?"

Any firm that knows a client is about to put in a huge, last-minute order big enough to move the market can make money by going into the stock futures market at the same time and betting that the index will fall. This is called "front-running," and technically it involves buying a "put" on the stock index. Anyone who bought a put just before the Dow slumped late Wednesday would have made money.

Senators Write Syria Urging Liberalization

WASHINGTON — Two-thirds of the U.S. Senate has urged Syria to make human rights reforms and end its support of terrorists.

In a letter sponsored by Senator Edward M. Kennedy, Democrat of Massachusetts, and signed by 68 others, the senators said that thousands of people were being held in Syria because they had expressed peaceful political opposition, and that several of the world's most dangerous terrorist groups were based in the country.

"We are grateful for Syria's role in confronting Iraqi aggression during the Persian Gulf War and Syria's participation in the Middle East peace process," said the senators in the letter, which was released Thursday. "However, many policies of your government continue to be a source of deep concern."

AID: U.S. Will Buy Reactor

(Continued from page 1)
 countries in designing and building a fusion energy reactor, to be known as the International Thermonuclear Experimental Reactor, or ITER.

Russian scientists are among the world's leaders in the study of fusion energy, and the Energy Department has already announced a deal to put 116 Russian fusion scientists on its payroll to keep them working.

Mr. Fitzwater said the administration envisions the purchases approved Friday as the first in what would become a thriving two-way technology trade benefiting the United States as well as the former Soviet republics.

Bush Picks Ukrainian Envoy

WASHINGTON — President George Bush on Friday named the deputy White House spokesman, Roman Popadiuk, as the first U.S. ambassador in Ukraine. Mr. Popadiuk, 42, is the son of Ukrainians, and he speaks Ukrainian.

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- 35 — fous (once, in Paris)
- 36 IN OTHER WORDS, HE'S A FINE FATHER
- 39 LUCKY PIDO, ABOUT HIS OWNER
- 42 Shakespeare's shrew
- 43 Pip
- 45 Cinderella's stepsisters, e.g.
- 46 Black bird
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- 59 The cast
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- 63 Opera by Handel
- 64 Luau instar.
- 65 WHAT LONG JOHN SILVER GOT WALKING ON A WET BEACH
- 67 — Alamos
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- 70 Apartment
- 73 Singer Sumac and namesakes
- 75 Of lunar stages
- 76 Bride of Lohengrin
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- 81 phylum of insects, spiders and crustaceans
- 83 These are proper or common
- 85 Barracks bed
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- 80 — fi. Verne genre
- 82 Gadget: Var.
- 84 Implement for a shell
- 86 Quick look
- 88 Short window drapery
- 89 Scrubbed a mission
- 91 Part of a cheer
- 93 Most healthy
- 94 Deviating from course
- 96 Bags
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- 98 Second of two
- 99 Wigeons
- 102 Shinto temple gateway
- 106 Sell
- 107 Feed the kitty
- 109 Scourge of serge
- 111 Besmead
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ECONOMIC SCENE

Financial Borders Prove Difficult to Tear Down

By Lawrence Malkin International Herald Tribune NEW YORK — And now, The End of Geography: A provocative hyperbole on the global integration of finance, which publicly wonders whether the vision of a completely borderless world of money can ever be realized and warns that much must be done before it is.

The reference, of course, is to Francis Fukuyama's best-seller, The End of History and the Last Man, which sees the history of the past century as the clash of ideologies that now have been vanquished by liberal democracy (as if that were not an ideology). The new analysis with the derivative title is by Richard O'Brien, chief economist of American Express Bank and editor of its respected monthly newsletter.

He discusses the national financial barriers that arose during the century after the collapse of the gold standard and are being pushed down, mainly by new information technology.

Mr. O'Brien got the catchy handle one night when he could not sleep. Resisting scholars who snuffed at the popularizing title, he has just had his paper published by the Council on Foreign Relations in New York and the Royal Institute for International Affairs in London. His contribution is to raise some belated but still useful questions about the facile optimism of a few years back, when barriers to the exchange of financial instruments were all supposed to come apart in one big bang. He writes:

"The glorious end-of-geography prospect for the close of this century is the emergence of a seamless global financial market, bringing back memories (for those with long memories) of the free-capital area of the late 19th century. Barriers will be gone, service will be global, the world economy will benefit and so, too, presumably, will the customer, being offered global choice.

For many observers this prospect is somewhat utopian, at least in terms of its attainability. A more sober look at the crystal ball suggests a rather bumpy road: intense competition among financial firms, with major bankruptcies, forced mergers followed by massive shakeouts, crises for customers and producers alike, repeated losses from overambitious investment in new technologies, financial crises leading to the socialization of losses (a la S&L's) and seemingly intractable problems in reconciling fundamental differences between contrasting financial systems.

THESE PROBLEMS arise from a basic conflict. On one side is a flow of fungible money surging across borders via computerized telecommunications. Against them stand the world's governments, who are unlikely to preside "actively and willingly, over their own demise" by yielding control over their money to a stateless marketplace.

The best compromises, Mr. O'Brien argues, can be reached by governments working through the panoply of international organizations to which they already belong. He does not hide his preference for making central banks the principal negotiators, because, as he says, "that's where the money is." He has drawn up an agenda, which he orders by a combination of the difficulty and importance of the various points.

At the top is protecting the consumer as he strays into unfamiliar territory across borders, or controlling unpoliced institutions coming after his money; the urgency of this lies no farther than the collapse of the Bank of Commerce & Credit International. This is also allied to coordinating financial regulation, a long-standing problem that often founders on national prerogatives.

Next is the relationship between business and banks: Deep cultural differences separate the German and Japanese practice of linking the two, and the American prohibition against allowing banks to invest depositors' money in their own ventures. A more open world economy would force out more information about these links, which have supported growth in both countries. But they have come under fire in Japan's financial scandals and in

CURRENCY RATES

Table with columns for Currency, Per \$, and various rate values for March 27.

INTEREST RATES

Table with columns for Eurocurrency Deposits, March 27, and various interest rate values.

Key Money Rates

Table with columns for Money Rates, March 27, and various rate values.

Asian Dollar Deposits

Table with columns for Asian Dollar Deposits, March 27, and various rate values.

U.S. Money Market Funds

Table with columns for U.S. Money Market Funds, March 27, and various fund names and values.

Trade With East Daunts Even Germans

By Richard E. Smith International Herald Tribune

FRANKFURT — The collapse of Eastern Europe's trade with Germany, its most important partner, is certain to worsen over the next year, economists and bankers say.

This trend, they say, will complicate the East European nations' attempts to get their economies on their feet. Many politicians had hoped that the industrial countries, and Germany in particular, could help lift the struggling Eastern economies by buying their products.

But the Ost-Ausschuss, a private-sector research institute in Cologne that specializes in East European matters, said German exports to the area plummeted 29 percent, to 37.9 billion Deutsche marks (\$22.8 billion), in 1991 and imports slumped 10 percent, to 32.9 billion DM.

The figures show clearly that even German exporters, long the most experienced and interested in Eastern Europe, are nervous about the region's uncertain regulations, infrastructure and currencies.

"You will not see a major improvement in trade until the area's general economic health improves and this process cannot be forced from the outside" said Heinz Vortmann, economist with the German Institute for Economic Research in Berlin.

"These countries will have trouble with trade for at least several years because their ability to pay for imports is so unclear," said Inge Weidig, economist with Prognos AG in Basel.

The problem was highlighted this week when German officials announced the Russian government has not yet agreed to provide guarantees for an additional 5 billion DM in imports from Germany. Since hardly any German exporter is willing to do business in Russia without such guarantees, the new development could well slash trade flows.

Economists noted that as much as 60 billion DM in potential German business with the East has been frozen because export insurance is a few bright spots. The Ost-Ausschuss noted that Polish exports to Germany rose 4 percent and imports from Germany

Jobless Wave in Russia

Compiled by Our Staff From Dispatches MOSCOW — Unemployment in Russia is expected to soar this year as a wave of bankruptcies sweeps the country's inefficient industrial sector, officials at the Russian Ministry of Labor and Employment said Friday.

"There have been no bankruptcies so far," First Deputy Minister Vladimir Kosmarsky said, "but they will start in the summer, and as soon as this begins the situation on the labor market will change dramatically."

Mr. Kosmarsky said about 70,000 people in Russia had so far applied for assistance from the ministry and some 18,000 were currently receiving unemployment benefits.

"We forecast six million people will apply for benefits by the end of the year and about two million will receive benefits," he said. This would bring unemployment to around 2 percent, low by Western standards but high compared with the former official levels under the Soviet Union. (Reuters, APX)

climbed 11 percent last year. German imports from Czechoslovakia climbed 15 percent. But virtually everywhere else the numbers are discouraging and the prospects more so. Prognos AG predicted in a study a few weeks ago that the successor states of the Soviet Union and Yugoslavia look unlikely to resume growth as a group until after the turn of the century.

On a purely economic plane, trade with the East is a relatively modest consideration for Germany, the world's largest exporter. The East accounted for only 5.6 percent of Germany's overall exports and 5.2 percent of its imports last year.

But the area is of growing importance to German politicians, who fear that Eastern Europe could pose serious geopolitical problems if ailing economies spawn social unrest.

As a result, economists expect Bonn to keep pushing for quick entry into the European Community by Hungary, Poland and Czechoslovakia and for broader world economic support of the Soviet successor states.

In a typical move, German government officials announced Friday in Berlin that a cooperation council had been formed with the Ukraine to deepen economic relations.

At the same time, economists warned the scope of the transitions in Eastern Europe makes rapid adjustments impossible no matter how compelling the political needs might be.

"We don't expect much of a regional recovery before late 1992 or 1993 in even the most promising countries and trade will only resume when there is a rebound in growth," said Tomas Telma, economist with Planecon, a Washington-based consultancy.

Fear and Losses in the Auto Industry

In the Showroom, the Thrill Is Gone — So Is the Profit

By Matthew L. Wald New York Times Service

BRONXVILLE, N.Y. — Step into Dwight W. McGuirk's Ford showroom these days, and he will tell you that like lots of auto dealers, his mark-up over invoice is \$500 at most and sometimes as little as \$200.

The number is so small — and sales have been so slow lately that it is a monthly scramble for Mr. McGuirk to finance the \$3 million worth of cars and trucks on his lot, pay his three salesmen and keep the roof over his showroom from leaking.

In fact, he cannot do it all even though what he pays for his cars and trucks is slightly less than the much-talked-about "invoice price" that many car buyers believe is the dealer's cost. His profit margin can pay the salesman, but there has not been enough to fix the roof as well.

When it rains hard, the water trickles onto a patch of plastic draped on the hood of a blue Taurus sedan parked near the American flag. "It's tough, real tough," said Mr. McGuirk, whose father bought Smith-Calmes Ford in this suburb north of New York City in 1961, and where Mr. McGuirk, 36, has worked for 16 years.

His sister Amy, the office manager, watching him dash from the showroom to the lot to the service shop to the body shop and back, has a name for the mode in which he tries to steer the dealership through this recession: She calls him "the mad jogger."

While customers often feel the deck is stacked against them when they enter a car dealership, many dealers like Mr. McGuirk run small businesses trying to survive on shrinking margins and struggling with the mistakes and mandates of Detroit and the seething moods of consumer spending.

In Mr. McGuirk's view, the deck is stacked against him. To dealers, the world is a hostile place, strewn with printouts that tell customers what the dealer pays for a car, which some shoppers brandish like weapons, filled with trade-ins that break down almost instantly and besieged by vandals who steal everything from radios to cup holders.

Detroit's Big Three automakers rolled up their worst losses in history last year, and 1,600 car dealers, almost 7 percent, closed their doors. The National Automobile Dealers Association estimated that most dealerships lost money last year on new-car sales.

But with the economic recovery uncertain, competition among the 23,500 survivors seems more intense. People do not have as much to spend, and everyone, including the dealers, say the fun has gone out of buying a new car.

Mr. McGuirk's repair shop is profitable but costly. He recently bought a \$35,000 computer for repairs, the most expensive thing he has ever bought, he said. While the place still looks like a repair shop — tools, lifts and pin-up pictures — it is actually a room where computers interrogate computer chips under the hood. The best mechanics spend 10 days a year in school, learning the intricacies of electronics.

Bush Worried Over GATT

WASHINGTON — President George Bush is concerned about the possible collapse of stalled world trade negotiations and would welcome a "political push" to get it moving, his chief spokesman said Friday.

Mr. Bush and Chancellor Helmut Kohl of Germany met privately at the U.S. presidential retreat at Camp David, Maryland, last weekend to try to break a stalemate over farm subsidies in the Uruguay Round of talks under the General Agreement on Tariffs and Trade.

"We want a successful round," Martin Fitzwater, the White House spokesman, said. "We think the world needs that kind of trading arrangement and so we will encourage a political push from whatever source."

GATT negotiators have expressed hope of working out an accord by an April 15 target date, but that effort appears unlikely to succeed.

In Bonn, an Economics Ministry official confirmed that Germany would alter the guarantees it gives Deutsche Airbus GmbH, an arm of Airbus Industrie and a unit of Daimler-Benz AG, to protect it against currency fluctuations. He gave no details.

A GATT panel ruled in January against the exchange-rate guarantees saying that they were a subsidy that distorted industry competition.

Chrysler, Hurting for Cash, Sells Off More of Mitsubishi

Compiled by Our Staff From Dispatches TOKYO — Chrysler Corp. has sold nearly half its remaining stake in Mitsubishi Motors Corp. for about \$205 million, the two companies said Friday.

The cash-strapped U.S. automaker, which lost \$765 million last year, said it would re-invest the money more profitably.

Chrysler sold 43.6 million shares to 11 Japanese companies, about half of which belong to the Mitsubishi group, and institutional investors in Europe. The sale reduced Chrysler's stake in Mitsubishi to 5.88 percent from 10.99 percent.

Jerome B. York, chief financial officer at Chrysler, said that Chrysler's investment in Mitsubishi was "a latent asset" that "yields no significant return."

"We can redeploy those assets into much higher-return investments," Mitsubishi said the sale did not signal a rift between the two companies. "It is a fact that we and Chrysler have a business relationship and the continuation of this will not be affected by shareholdings in any way," said Mitsubishi's managing director, Kazuo Sekino.

U.S. Income And Spending Post Big Gains

WASHINGTON — In a sign the U.S. economy is rebounding, personal income jumped 1.1 percent in February, its biggest gain in more than three years, and consumer spending climbed 0.9 percent, the government said Friday.

But Treasury Secretary Nicholas F. Brady warned economic growth could be slow.

The 1.1 percent rise in incomes, to a seasonally adjusted annual rate of \$4.97 trillion — the biggest increase since a 1.3 percent jump in January 1989 — boosts chances for reviving consumer participation in a recovery. The report also showed January's revised 0.2 percent drop in incomes was a bit steeper than the original 0.1 percent estimate.

Personal spending increased by 0.9 percent in both January and February to a seasonally adjusted annual rate of \$4.03 trillion, the Commerce Department said. Those were the strongest back-to-back monthly increases since spending rose 0.9 percent in February and March last year. The department revised the January figure upward from a 0.2 percent rise.

Mr. Brady blamed Fed monetary policies for recent economic weakness. He said the economy could falter if the central bank fails to provide enough money to sustain the embryonic rebound, and repeated a call from the administration for the Fed to cut interest rates.

"One only has to remember back to last December to appreciate the positive effect on all Americans of that month's sharp reduction in the discount rate," he said in remarks prepared for delivery to the U.S. Savings Bond Committee.

"By contrast, in the summer of '91, the growth of the money supply was allowed to slow, and the economy faltered," he said. "If that happens again in the spring or summer of 1992, the recovery will be threatened and an opportunity lost."

Until last fall, the Fed had been nudging interest rates down incrementally to stimulate the economy. But as the economy appeared to grow weaker, it slashed the discount rate by a percentage point, to 3.5 percent, the lowest level in more than 25 years.

Marilyn Schjaj, an economist with Donaldson, Lufkin & Jenrette Securities Corp. in New York, said the strong spending rises in January and February would boost gross domestic product for the first quarter.

(AP, UPI, Reuters)

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THE REPORT

FIRST COLUMN The Ultimate Conservative Triumph?

FOR those who find conventional investment analysis, with its econometric projections and earnings and cash-flow comparison, a little dry and technical by itself, relief is at hand. The election season is on. Britons, appropriately enough, go to the polls first, in less than two weeks. The people who unleashed a free-market revolution across the West, and arguably even in Eastern Europe, by electing Margaret Thatcher's Conservatives 13 years ago now have a chance to steer a new course of change for U.S. and European voters to follow this year and next.

Bets Are Going Down In China's New Casino

By Laurence Zuckerman

EVER since Deng Xiaoping's liberalizations began to revive the Chinese economy a decade ago, direct investment in China has been the Holy Grail of Asian money managers.

Attempts have been made to satisfy the demand through funds investing in Hong Kong and Taiwan companies with substantial interests on the mainland, or through a few joint-venture capital partnerships that often had trouble finding lucrative projects to invest in. Anyone who wanted to make a direct investment in China had precious little to choose from.

In coming months, however, international investors will be deluged with a variety of new funds offering the opportunity to buy directly into China's booming economy, which in some areas, such as Guangdong Province bordering Hong Kong, is experiencing annual industrial growth rates of more than 25 percent.

The reason for the change, of course, is the opening to foreign investors of China's two fledgling stock exchanges in Shanghai and the special economic zone of Shenzhen, bordering Hong Kong. Although shares on both exchanges have been available to Chinese nationals for months, it was only in February that the first "B" shares, which are reserved for foreigners, were listed.

Since then, Hong Kong has been overtaken with B-share fever. The latest stock to hit the market on Friday and immediately soared to more than double its offering price, Shenzhen Konkia Electronic (Holdings) Ltd.'s B shares closed at \$6.60 yuan (\$1.43), compared with an offering price of 3.90 yuan. Volume totaled 102,000 shares.

"The whole issue of China is something we have been all chasing for a long time," said Peter Everington, a director at Thornton Management (Asia) Ltd.

Most Hong Kong-based analysts and international fund managers are extremely bullish about the near- and long-term promise of China's share market. At the same time, however, they say the road in between will be full of dangerous curves and a few steep ups and downs.

"When you are dealing with an emerging market like this, the greater fool theory applies in a big way," Mr. Everington said.

Only three companies — two in Shenzhen and one in Shanghai — currently have B shares trading and none have met the regulatory requirements to allow their prospectuses to be registered in Hong Kong. Therefore, it is illegal to promote the sale of the shares in the colony.

Several of the proposed funds are hoping to be listed on the Stock Exchange of Hong Kong, but the colony's Securities and Futures Commission has not decided whether to authorize them. The commission's soon-to-be-departing chairman, Robert Owen, said on Friday that the Chinese companies need to provide more information so investors know what they are buying.

The lack of authorization, however, does not stop fund managers from listing and selling their funds outside Hong Kong.

GT Management (Asia) Ltd., a subsidiary of the London-based GT Group, was the first out of the starting blocks with its \$40 million GT Shenzhen & China Fund. The fund, whose offering period closed Thursday, has been oversubscribed for weeks, GT said. It will be open-ended, but redemption is frozen for the first six months and then can be made only once a week, on five days' notice. The minimum investment is \$10,000.

GT will soon be followed by Barclay's China PRC Fund, managed by Barclays de Zoete Wedd Investment Management. The Jersey-based fund also hopes to attract \$40 million. It promises a lower minimum investment than GT's fund and will be daily priced with no initial moratorium on redemptions.

In addition, funds in various incarnations are being pursued by Morgan Grenfell, Banque Indosuez and Thornton Management.

The rush has raised concerns that a tidal wave of money will overwhelm the two markets. "The problem is too much money chasing too few stocks," said Edward Chan, a director at Cititong Research International Ltd., an Asian broker owned by Standard Chartered Bank.

The B shares of at least four companies have been placed with international investors and are waiting to be listed on the Shenzhen exchange. Analysts estimate perhaps a total of 20 different B shares will be available in Shenzhen by the end of the year with 10 more trading in Shanghai.

With so few listed companies available and a lot of competitors eager to buy them, few fund managers will be able to afford to be choosy. Oscar Wong, manager of the GT fund, freely admitted that "at the beginning we will have to close our eyes and just buy."

Most analysts said that is not necessarily a bad strategy given that early demand is so high and shares like Shenzhen Konkia Electronic's are soaring when they hit the market.

Even so, the dearth of shares will leave the funds with a lot of cash on their hands, at least in their early days. The GT Shenzhen fund, following the rules set down for all Hong Kong-based unit trusts, can put no more than 10 percent of its funds into any single company.

So what will GT do with the money while

it waits for more stocks to become available? The fine print says the fund also will invest in "companies which have or receive a majority of their assets or earnings in or from China." In other words, the same old strategy of buying in to China indirectly through companies listed elsewhere.

By being first, GT is clearly hoping that it can register early gains. It has also tried to assure access to newly listed shares by lining up an influential partner.

The fund's country adviser is Shum Yip Investment & Development Co., the Shenzhen municipal government's representative in Hong Kong and one of 15 authorized brokers on the Shenzhen exchange. A prospectus for the fund prepared by Credit Lyonnais Securities promises that Shum Yip "will enhance GT Shenzhen's ability to access the difficult-to-acquire B shares at primary prices."

Analysts say playing on connections is a necessary element in doing business in China, but it also involves risks: Should the fortunes of your ally suddenly fall, those of your fund may as well.

Further uncertainty is added by the lack of adequate government regulation and investor protection. China has no national company law, and local regulations in Shanghai and Shenzhen are currently being drafted and redrafted.

"Accounting, depreciation, profits. These are concepts with which our friends across

the border are not very familiar, though I'm sure they will be before too long," said William Phillips, managing director of Baring Securities, which is teaming up with Morgan Grenfell and CEF Capital to market a B share fund to institutional investors.

Still, analysts such as Mr. Chan at Cititong Research point out that the companies that have gone public are among China's best. They include banking and property companies as well as industrial enterprises and diversified conglomerates. Listings on the Shanghai exchange, such as Shanghai Vacuum Electronic Device Co., the exchange's lone B share, tend to be state-owned and produce for the domestic market. Shenzhen

listings, on the other hand, include several foreign joint ventures that target both domestic and export markets. Shenzhen China Bicycles Co. (Holdings), which claims to be the world's biggest bicycle maker and will be listed in Shenzhen soon, is 24 percent owned by Schwinn Bicycles Co.

But until more shares are listed, many fund managers who have seen other emerging markets take off with enthusiasm and then collapse are taking a wait-and-see approach.

Richard Wastcoat, director of Fidelity Investments Management (Hong Kong) Ltd., said: "It's going to be a casino in the early days. It will fly high with initial enthusiasm and then it will crash just like Indonesia."



It waits for more stocks to become available? The fine print says the fund also will invest in "companies which have or receive a majority of their assets or earnings in or from China."

Some China Plays

Table with columns: Share price, Offer size, Market Cap, P/E, EPS, etc. Lists various companies like Shenzhen Bicycles, Shenzhen Electronic, etc.

Sources: Cititong Research International, Credit Lyonnais Securities

Closed-End Funds: Accounting for the Discount

By Conrad de Aenle

CLOSED-END funds appear to be a chronically undervalued — or at least underloved — sort of security. These funds, which invest in equities or bonds and in turn have their shares listed on stock exchanges, usually trade at a discount to the value of the assets they hold.

Big discounts are routine in Britain. The average discount on investment trusts, as closed-end funds are called there, is around 14 percent, according to the Association of Investment Trust Companies, a trade organization.

counts now? He said they can be explained partly as a spillover from the stock market's strength. British institutional investors have largely forsaken closed-end funds, preferring to do their own stock picking rather than leave it to someone else. The exodus from investment trusts is one of the factors behind the wide discounts there.

Why do investors balk at paying full price for closed-end funds?

Thomas Herzfeld, editor of the Investor's Guide to Closed-End Funds newsletter and publisher of the average that bears his name, said a major reason has to do with marketing: Brokers are a lot more interested in hawkling closed-end funds in their initial offerings than after the funds start trading on an exchange. Rates for underwriting an offering, he explained, can be five times those of standard brokerage transactions.

Why the historically low discounts now? He said they can be explained partly as a spillover from the stock market's strength.

British institutional investors have largely forsaken closed-end funds, preferring to do their own stock picking rather than leave it to someone else.

What about arbitrage? Can't someone buy shares in a deeply discounted fund, then sell stocks equivalent to the fund's holdings and lock in a profit?

"That's what I do for a living," Mr. Herzfeld answered. But it's not an easy living.

"Let's say I own a fund that trades at a 5 percent discount and I short the underlying portfolio or buy puts" in the Standard & Poor's 500 index, he suggested. "There's nothing to keep the discount from expanding."

Mr. Herzfeld said closed-end fund arbitrage had to be done very gingerly, especially with an illiquid fund. The buying of fund shares could push their price higher, while selling shares held in the portfolio could depress their price, squeezing the discount to very little or nothing.

Another factor Mr. Herzfeld cited is poor liquidity, either of the funds or the securities they hold.

Mr. Herzfeld said the instruments a fund owns can determine the size

of the discount. General British investment trusts are likely to carry a discount of 10 percent, he said, while venture capital trusts can have discounts of up to 50 percent because "the market is very suspicious of the valuation methods of the managers."

Latent tax liability also can come into play. Let's say a fund with a net asset value of \$10 a share sells a portion of its portfolio and realizes a gain of \$2 a share. The asset value stays the same, but the fund must pay tax on that gain.

With country funds, which make up nearly half the closed-end equity funds in the United States, that's faith in the currency to consider. And with funds in the Third World, it becomes a matter of faith in the government.

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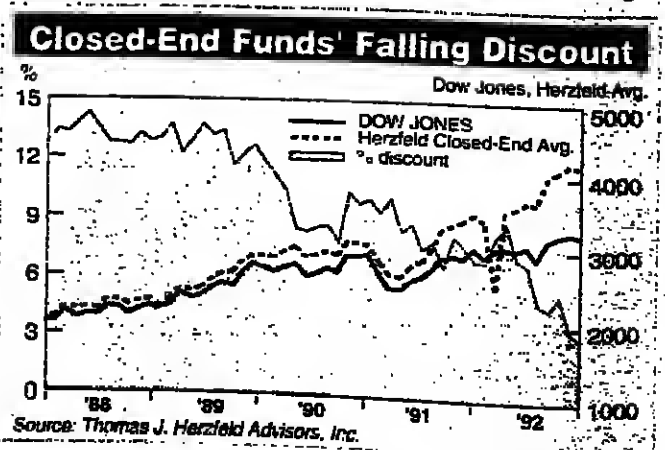
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THE MONEY REPORT

Japan's Slump: Not So Serious? Pretty Serious?

Outlook

Selected experts in economics and investment give their opinions, month by month, of the outlook for the world's major economies, currencies and financial markets.



Hirohiko Okumura, chief economist, Nomura Research Institute, Tokyo

The outlook for the Japanese economy typically envisioned by the people working in the financial districts of London and New York would have to be termed very distorted. In Japan, the years 1986 through 1989 were characterized by the "money economy," when distortions in the interest-rate structure caused a jump in land and stock prices. Beginning in 1990, the prices of these assets plunged because of the tight credit policy deployed by the Bank of Japan.

Some emerging small companies that engaged in unwise speculation have gone bankrupt, and financial institutions that made loans to them have become embroiled in money scandals. However, it is crucial to recognize that, when placed in the overall context of the Japanese economy, such phenomena are clearly local and have had little impact on the soundness and solid international competitiveness of the real economy.

Having built a surplus in the balance of payments equivalent to \$520 billion from 1983 to 1991, Japan is now the world's biggest creditor nation. And with a corresponding deficit of \$880 billion over the same period, the United States has become the world's biggest debtor nation.

With a proper understanding of the existence of this financial gap of \$1.4 trillion between Japan and the United States, it can be appreciated that Japan still has great margin for stimulative measures in both monetary and fiscal policy. In fact, the monetary authorities have cut interest rates significantly in recent months, and a reduction of another 0.5 percentage point in short-term interest rates is likely within a month. In the fiscal arena as well, government is taking steps to expand public investment. As it takes about six months for policy revisions to have an effect on economic activity, the Japanese economy should around the middle of this year.

We also expect stock prices and exchange rates to bottom out sometime between April and June and to begin climbing sometime between July and September. By the end of the year, we anticipate that the dollar will approach 120 yen.



Gerald Holtham, chief international economist, Lehman Brothers, London

It has been conventional wisdom for some time that Japan was going to have a Japanese recession — in other words, GNP growth would fall below 3 percent a year in 1992. But now, in my view, there's a good chance that a real Western-style recession will occur. In which case you can make

'Japan still has great margin for stimulative measures.'

'There's a good chance of a real Western-style recession' in Japan.

money over the next three to six months by betting that Japanese interest rates and the yen are both going to fall further. The foreseeable reason for the slow-

down was the inevitable downswing in business fixed investment. The key to the outlook is the Japanese consumer, who is widely expected to keep spending just enough to buffer the economy until higher government spending comes in later this year. But in fact, the consumer too is going to disappoint owing to the falling wealth of Japanese households.

That means Japan is heading for a significant recession and the Bank of Japan will have to take short-term interest rates much lower. Three-month interest rates are currently around 5 percent and the futures market expects a fall to near 4.5 percent by June, but 4 percent or less is quite possible. That will take 10-year bond yields closer to 3 percent, well below the 5.5 percent expected by the futures market. As it could well be above 140 to the dollar by then, a put option to sell the yen could be a good investment at this point.



Mirna Mushkat, research director, Baring Securities (Hong Kong)

Although the attention of international investors has centered recently on the woes of Asia's largest stock market, one regional market — Hong Kong — has climbed relentlessly and, in the absence of unexpected shocks, should continue to shine in the months ahead.

Hong Kong has the advantage of being in the right phase of the economic cycle. The

'Hong Kong is in the right phase of the economic cycle.'

economy, which effectively ground to a halt in the wake of Beijing's massacre of pro-democracy demonstrators in 1989, is gathering momentum in response to the im-

provement in the economic climate in China and the rapid expansion in its foreign trade. And because Hong Kong's currency is linked to the U.S. dollar, the colony is enjoying low interest rates (they are negative in real terms) — a pattern that is not likely to be reversed in the near future.

Hong Kong equity prices have largely discounted the favorable developments on the corporate/economic/political front. But the market is not overly expensive in terms of price/earnings ratios or dividend yields.



Nigel Cuming, senior investment manager, ANZ Grindlays Bank, Jersey

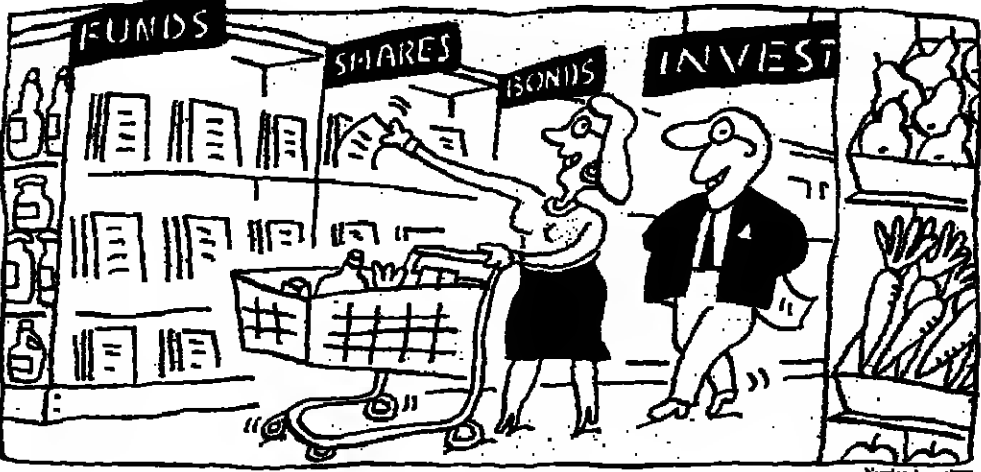
Over the last few months, the U.S. economy has shown some signs of a recovery. Although the stock market has moved to partially discount this, we would commit

'There is scope for European interest rates to decline in 1992.'

45 percent of an aggressive growth portfolio to Wall Street, feeling that the recovery in earnings will allow the market to move higher.

The markets of Continental Europe are selectively attractive. There is scope for European interest rates to decline in 1992 and although there may be occasional bouts of nervousness, no doubt triggered by developments in the former Soviet Union, there is tremendous scope in the post-1992 unified market. Fifteen percent of funds are allocated here.

Japan cannot be ignored, although short-term problems tempt one to do so. For now, we would give an initial 10 percent weighting to Japan, with part of the funds directed to smaller companies. A further 5 percent would remain in cash until there is evidence that the Tokyo market has turned.



Stocks Atop the Grocery Cart

By Philip Crawford

THE recent launch of a "customers only" investment fund by the Dutch food retailer Ahold NV appears to be the latest innovation in a global wave of marketing of investment vehicles to the mainstream consumer, rather than just the upscale.

Although strategies vary — equities are sold by door-to-door salesmen in Japan, for example, while in Britain and the United States, two store chains hawk mutual funds along with ladies' sportswear — the aim is to bring as many customers as possible into the investment fray.

Not to mention winning more clients and commissions for brokers, and giving retailers an extra attraction to draw consumers in the door.

There are certainly more people investing now than there were 10, or even five years ago, said a spokesman for Dean Witter Reynolds, the brokerage unit of Sears, Roebuck & Co. that began speaking offices in Sears stores in the early 1980s. "That's primarily attributable to a couple of things: the availability of investment products in everyday commercial milieus and the growing financial sophistication of the general public. I think today's first-time investors know what they're getting into."

Ahold opened the Dutch Customer Fund to patrons of its Albert Heijn supermarket chain five weeks ago.

The conditions are certainly not unfavorable to the retailer: The

number of shares people can buy is tied to the number of Heijn savings stamps they purchase, which in turn is a function of the size of their grocery bill. What's more, 50 percent of the fund will be used to purchase Ahold shares, with the balance borrowed by the company at the current bank rate of 9.25 percent. The fund carries a back-end load of 1 percent.

The company says stamp sales have risen by 7 percent since the fund's inception and that customer reaction has been gushy.

"Some of our customers are making the first investment of their lives," said Hans Globes, a senior vice president at Ahold. "And we know we've struck a chord because of the response from shoppers and from other businesses which have contacted us to learn about it."

Roel Gookens, an analyst at James Capel & Co. in Amsterdam, called the concept "totally new."

"On one hand it could bring them a lot of new business," he added, "but if their shares do poorly, they could lose customers."

Sears, Roebuck subsidiaries Dean Witter, Allstate Insurance Co. and Coldwell Banker Real Estate Group Inc. operate small branches inside Sears stores. Gordon Jones, a Sears spokesman, said the five-year-old Sears Financial Network had brought in new customers and generated new business from existing ones.

In Britain, Marks & Spencer PLC offers two mutual funds through its department stores. The M & S Investment Portfolio,

kicked off in 1988, is composed of 85 percent global equities and 15 percent fixed-income securities, while the U.K. Selection Portfolio, made up entirely of British equities, was offered the following year.

"We've found that about half our charge card holders have also invested in one of the funds," said Brian Hudspeth, a spokesman.

Skeptics abound on the effort to link financial services with mass retailing, though. K mart Corp., a rival of Sears, tried to offer similar financial services to customers but gave up in 1989 because of insufficient response. M & G Group PLC, the British fund group, rejected the idea of marketing through a mail-order retailer several years ago and hasn't been tempted to rethink its strategy by Marks & Spencer's foray into "quite a mix," said Roger Jennings, the group's marketing manager.

In Japan, brokers have been using door-to-door salespeople to peddle stocks for years. Tokyo analysts speculate that the practice may be on the rise. Why? Because few potential investors these days have a mind to patronize the Japanese securities industry — riddled with scandal and reeling from the Tokyo market's sharp fall — without some vigorous prompting.

"The strategy is to get the individual investor back into the market," said Robert Zielinski, an analyst at Jardine Fleming Securities in Tokyo, "and the door-to-door approach may be the best way to do that."

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